

NAWAB SALAR JUNG BAHADUR

E 15727

LIST OF MEMBERS
of
NATIONAL PLANNING COMMITTEE
(Including Representatives of Governments)

JAWAHARLAL NEHRU (Chairman)

Sir M. Visveswaraya, (Resigned)	J. C. Kumarappa, (Resigned)
Sir Purshottamdas Thakurdas	Walchand Hirachand
Dr. Megh Nad Saha	Dr. Radha Kamal Mukerjee
A. D. Shroff	Prof. J. C. Ghosh,
A. K. Shaha	Hon'ble Mr. Shuaib Qureshi
Dr. Nazir Ahmad	Rani Laxmibai Rajwade
Dr. V. S. Dubey	Abdur Rahman Siddiqui
Ambalal Sarabhai	Gulzarilal Nanda
N. M. Joshi	Mrs. Vijayalakshmi Pandit
K. T. Shah, (Hon. Gen. Sec.)	

Members

Hon. Mr. V. V. Giri, Minister for Industries, Madras
Hon. Mr. L. M. Patil, Minister for Industries, Bombay
Hon. Dr. Syed Mahmud, Minister for Education and Development, Bihar
Hon. Mr. C. J. Bharuka, Minister for Industries, Central Provinces
Director of Industries, Bombay
Director of Industries, Bihar
Director of Industries, Assam
Minister in Charge of Industries, Bhopal
Director of Industries, Hyderabad, Dn.
Director of Industries, Mysore
Development Commissioner, Baroda
Director of Industries, Baroda

LAND POLICY, AGRICULTURAL LABOUR
& INSURANCE

NATIONAL PLANNING COMMITTEE SERIES

Rural Marketing and Finance

River Training and Irrigation

Soil Conservation and Afforestation

Land Policy, Agricultural Labour and Insurance

Animal Husbandry and Dairying, Horticulture and Fisheries

Crops—Planning and Production

Rural and Cottage Industries

Power and Fuel

Chemical Industries

Mining and Metallurgical Industries

Manufacturing Industries

Industries connected with Scientific Instruments and

Engineering Industries

Labour

Population

Trade—(Internal and Foreign)

Industrial Finance

Public Finance

Currency, Exchange and Banking

Insurance (Individual and Social)

Transport (Road, Rail, Air and Water)

Communications (Posts, Telegraphs, Telephones and Radio)

National Housing

Public Health

Education—General and Technical

Woman's Role in Planned Economy

NATIONAL PLANNING, PRINCIPLES & ADMINISTRATION

K. T. Shah.

NATIONAL PLANNING COMMITTEE SERIES

(Report of the Sub-Committee)

LAND POLICY, AGRICULTURAL
LABOUR & INSURANCE

Chairman

Prof. K. T. SHAH

Secretary

DR. RADHA KAMAL MUKERJEE

Edited by

K. T. SHAH

Honorary General Secretary

NATIONAL PLANNING COMMITTEE

VORA & CO., PUBLISHERS LTD.

3, ROUND BUILDING, KALBADEVI ROAD, BOMBAY 2.

First Edition, July 1948

Price Rs. 6/- only

To
All Those
MEMBERS OF THE NATIONAL PLANNING COMMITTEE
and of
Its Various Sub-Committees
A TRIBUTE OF APPRECIATION

प्रारब्धमुत्तमजना न परित्यजन्ति

PERSONNEL OF THE SUB-COMMITTEE ON
LAND POLICY, AGRICULTURAL LABOUR
& INSURANCE

Chairman

K. T. Shah

Secretary

Dr. Radha Kamal Mukerjee

Members

Dr. C. A. Mehta

Mr. Rafi Ahmed Kidwai, M.L.A.

Dr. S. K. Datta

Sir Chinubhai Madhowlal, Bart.

Prof. V. G. Kale

Shri T. Prakasam, M.L.A.

Dr. Z. A. Ahmad

Prof. N. G. Ranga, M.L.A.

PREFACE

The National Planning Committee, appointed in 1938, began its work early in 1939. After defining the nature of a National Plan, and determining the nature and scope of the work entrusted to them, the Committee issued an elaborate and comprehensive Questionnaire which was subsequently supplemented by specific details. Twenty-nine Sub-Committees, formed into eight groups, were set up with special terms of reference to deal with all parts and aspects of the national life and work in accordance with a predetermined Plan.

After some unavoidable delay in getting replies to the Questionnaire, the Sub-Committees began their work, and submitted Reports,—some of them Final, some Interim,—which were considered at the Plenary Sessions of the Parent Committee in 1940. Towards the end of that year the Chairman, Pandit Jawaharlal Nehru, was arrested and sentenced to a long term of imprisonment, during which the work of the Committee had necessarily to be suspended.

On his release a year later, hope revived for an intensive resumption of the Committee's work. But the outbreak of war with Japan, the threat to India's own safety, and the hectic march of political events, rendered it impossible to devote any attention to such work at that time. It, therefore, inevitably went into cold storage once again; and remained for the duration of the war.

When at last the War seemed nearing its end, Pandit Jawaharlal Nehru with other leaders was released. The moment seemed again opportune to resume the work of

the Planning Committee. Meetings of that Body were held in September and November 1945, when certain more urgent questions, already included in the programme of the National Planning Committee, were given a special precedence. A Priority Committee was appointed to report upon them. Changes and developments occurring during the War had also to be taken into account; and another Committee was appointed to review the general instructions, given six years earlier to the Sub-Committees. Revised instructions were issued to them following the Report of this Sub-Committee; and the Chairmen and Secretaries of the several Sub-Committees were once again requested to revise and bring up to date such of the Reports as had already been submitted—either as final or interim—while those that had not submitted any reports at all were asked to do so at an early date.

As a result, many of the Sub-Committees which had not reported, or had made only an Interim Report, put in their Reports, or finalised them. The Parent Committee has had no chance to review them, and pass resolutions on the same. But the documents are, by themselves, of sufficient value, prepared as they are by experts in each case, to be included in this Series.

The following Table shows the condition of the Sub-Committees' work, and the stage to which the Planning Committee had reached in connection with them.

Serial No.	Name of the Sub-Committee.	Final Report	Interim Report	No Reports
		N.P.C. Resolutions	Not considered by N.P.C.	
Group I.	Agriculture & other Sources of Primary Production	Handbook		
1.	Rural Marketing and Finance	Pp. 97-99		
2.	River Training and Irrigation	83-85		
3.	" "	113-115		
4.	" Soil Conservation and Afforestation	115-119		
5.	Land Policy and Agriculture			
6.	Animal Husbandry and Dairying	87-89		
7.	Crop Planning and Production			
8.	Horticulture	102-103	do	do.
Group II	Fisheries			
1.	Industries or Secondary Sources of Production			
2.	Rural and Cottage Industries			
3.	Power and Fuel			
4.	Chemicals		do.	do.
5.	Mining and Metallurgy			
6.	Engineering Industries	75-77		
7.	Manufacturing Industries		do.	
Group III	Industries connected with Scientific Instruments		do.	
1.	Human Factor			
2.	Labour	89-92		
Group IV	Population	85-87		
1.	Exchange and Finance			
2.	Trade			
3.	Public Finance			
4.	Currency and Banking			
Group V	Insurance			
1.	Public Utilities			
2.	Transport			
Group VI	Communications			
1.	Social Services—Health and Housing	122-126		
Group VII	National Housing	93-95		
1.	Education	95-97		
2.	General Education	120-122		
Group VIII	Technical Education			
	Woman's Role in Planned Economy	133-139	do	do.

To sum up, fourteen Sub-Committees had made final reports, of which ten have been considered, and Resolutions taken upon them, by the National Planning Committee. Twelve more have presented Interim Reports, of which nine have been considered by the Planning Committee, with Resolutions thereon, while three Sub-Committees have not yet presented any report on the reference made to them.

The idea that all this material, gathered together with the help of some of the best brains in India in the several departments of our national life, should be printed and published was before the Committee from the start. But the interruption caused by the war prevented its realisation. It was once again mooted in 1941; but the moment was not deemed ripe then for such action, partly because the leading spirits in almost every one of the Sub-Committees were unable to devote time and labour to bring their Reports up-to-date; and partly also because war-time restrictions or shortages had made scarcer than ever before the statistics and other facts, which particular sub-committees would need, to bring their work up-to-date. The war-time needs of Government had attracted several of them to work on Government Bodies, Panels, or Committees. For all these reasons it was deemed undesirable that material of this character—valuable as it must be—should be put out in an incomplete, inchoate, obsolete form, which may reflect unfavourably upon Indian capacity for such tasks.

The last four years of the War were thus a period of suspended animation for the National Planning Committee. Even after the end of the war, it has not been feasible, for obvious reasons, for the Planning Committee to resume its work and finalise decisions. Continuous sessions of that body are indispensable for considering and taking decisions on the Sub-Committee reports presented since 1940, and putting all the material into shape, ready for publication, not to mention making its own Report; but the political situation in the country made it impossible. Other conditions, however, are somewhat more favourable than in 1938-39, when the Central Government of the country were all but openly hostile to such attempts. Lest, however, the momentary difficulties make for needless further delay, it was thought advisable by the Chairman and the undersigned that no more time should be lost in putting this material before the Public. Following this advice, it is now proposed to bring out a complete Series of the National Planning Committee's Sub-Committee Reports, which will

serve as appendices to the Parent Committee's own Report. The Plan of the proposed enterprise is briefly summarised below.

Every Sub-Committee's Report, which is in a final form and on which the National Planning Committee has itself taken resolutions, will be edited and published, with an Introduction assigning their due importance to the suggestions and recommendations contained in that particular report, its proper place in the over-all National Plan; and following it up, wherever necessary, by a kind of Epilogue, summarising the developments that have taken place during the seven years, during which the work of the Planning Committee had been in suspension.

Those Reports, again, which, though in a final form, have not yet been considered, and no resolutions taken thereon, by the Planning Committee, will also be included in the Series in the form in which they were submitted, with such Introduction and Epilogue to each as may be deemed appropriate. And the same treatment will be applied to Reports which are 'Ad Interim', whether or not the Parent Committee has expressed any opinion on the same. They will be finalised, wherever possible, in the office, with such aid as the Chairman or Secretary of the Sub-Committee may be good enough to render. Sub-Committees finally, which have not submitted any Report at all,—they are very few,—will also find their work similarly dealt with. The essence, in fine, of the scheme is that no avoidable delay will now be suffered to keep the National Planning Committee's work from the public.

Both the Introduction and the Epilogue will be supplied by the undersigned, who would naturally be grateful for such help as he may receive from the personnel of each Sub-Committee concerned. The purpose of these additions is, as already stated, to assign its true place to each such work in the over-all Plan; and to bring up the material in each Report to date, wherever possible.

Not every Sub-Committee's Report is sufficiently large to make, more or less, a volume by itself, of uniform size, for this Series. In such cases two or more Reports will be combined, so as to maintain uniformity of size, get-up, and presentation of the material. The various Reports, it may be added, would not be taken in the order of the classification or grouping originally given by the Planning Commit-

tee; nor even of what may be called the intrinsic importance of each subject.

In view of the varying stages at which the several Reports are, for reasons of convenience, it has been thought advisable to take up for printing first those which are final, and on which the Planning Committee has pronounced some resolutions. Printing arrangements have been made with more than one Press, so that two or three Reports may be taken simultaneously and published as soon as possible so that the entire Series may be completed in the course of the year.

Two other Sub-Committees, not included in the list of Sub-Committees given above, were assigned special tasks of (1) preparing the basic ideas of National Planning; and (2) outlining the administrative machinery deemed appropriate for carrying out the Plan. These were unable to function for reasons already explained. The present writer has, however, in his personal capacity, and entirely on his own responsibility, published the "Principles of Planning" which attempt to outline the fundamental aims and ideals of a National Plan. This remains to be considered by the Planning Committee. Similarly, he has also attempted to sketch an administrative machinery and arrangements necessary to give effect to the Plan, when at last it is formulated, and put into execution. Notwithstanding that these two are outside the Scheme outlined in this Preface, they are mentioned to round up the general picture of the arrangements made for publication of the entire work up-to-date of the National Planning Committee and its several Sub-Committees.

The several volumes of Sub-Committee Reports, when published, will be treated as so many appendices to the Report of the parent body, the National Planning Committee. It is impossible to say when that Committee, as a whole, will be able to hold continuous sessions, review and resolve upon Sub-Committee Reports which have not yet been considered, and lay down their basic ideas and governing principles for an all over Plan, applicable to the country, including all the facts of its life, and all items making up the welfare of its people.

The disturbed conditions all over the country, and the Labour unrest that has followed the end of the War has caused unavoidable delays in printing and publishing the

several volumes in the Series, which, it is hoped, will be excused.

In the end, a word of acknowledgment is necessary to put on record the aid received by the Editor in the preparation and publication of this Series. All those who are associated in the task,—members of the Parent Committee, or as Chairmen, Secretaries or Members of the various Sub-Committees,—have laboured wholly, honorarily, and consistently striven to give the best that lay in them for the service of the country. Almost all Provincial Governments and some States,—the latter twice in some cases,—have made contributions towards the expenses of this office, which have been acknowledged and accounted for in the Handbooks of the Planning Committee, published earlier. Suitable appreciation of these will be expressed when the Parent Committee makes its own Report. At almost the end of its task, the expenditure needed to edit, compile, and otherwise prepare for the Press, the several Reports, has been financed by a Loan by Messrs. Tata Sons Ltd., which, even when repaid, will not diminish the value of the timely aid, nor the sense of gratitude felt by the undersigned.

Bombay, 1st July 1947.

K. T. Shah.

Note:—In the Scheme of this Series, originally given, more than one Report was intended to be included in one volume in some cases. The combinations indicated in the circular, of the 20th of June 1947, had had to be modified as the printing of several Reports proceeded.

When about half the volumes were printed, it was found that that scheme would not give a fairly uniform series. The new arrangement is given on the page facing the title page. Some changes have had to be made in that list e.g., the separation of the two Reports on Public Health and National Housing, intended to be in one volume, are now in separate volumes.

Conversely, only the two Reports on Animal Husbandry and Dairying and on Fisheries were intended to be combined. As now decided, the Report on Horticulture is also included in the same Volume.

Again, the original combination of the Report on Mining and Metallurgy with that on Engineering Industries has been modified. The latter now combined with the Report on Industries Connected with Specific Instruments, which was originally meant to be a separate volume, while the former is to be by itself.

31st January, 1948.

K. T. S.

CONTENTS

	Page
Preface—K. T. Shah	9
Introduction—K. T. Shah	17
Report of the Sub-Committee on Land Policy, Agricultural Labour & Insurance	48
Note of Dissent to the Interim Report —Prof. R. K. Mukerjee ..	62
Appendix I. Problem of the Waste Land • —K. T. Shah	63
Appendix II. Memorandum on Land Policy —Prof. R. K. Mukerjee ..	84
2. Summary of Memorandum —Prof. R. K. Mukerjee ..	96
3. Note on Co-ordination of Land Policy in the Different Provinces —Prof. R. K. Mukerjee ..	100
4. Note on Rent, Revenue, and the Uneconomic Holding ..	117
5. Agricultural Labour Policy ..	125
Appendix III. Memorandum on Land Assessment —Prof. N. G. Ranga ..	132
2. Scheme for Protection of Agricultural Labour —Prof. N. G. Ranga ..	139
Appendix IV. Note submitted to the Sub-Committee on Land Policy, Agricultural Labour, & Insurance —T. Prakasam	152
Letter to the Chairman—C. V. Mehta	158
Resolutions of the N.P.C.	160
Questionnaire	164
Summary of Developments—K. T. Shah ..	169

INTRODUCTION

This Sub-committee was appointed by the National Planning Committee to deal with:—

- (a) the use and ownership of land and their effects on cultivation and social stratification;
- (b) measures to be suggested for agrarian reform, with a view to bring about an equitable distribution of land resources, and their effective utilisation for the maximum benefit of the country;
- (c) land policy and legislation concerned therewith, including the size of economic holdings, with due regard to the numbers to be supported, as well as to the full utilisation of the equipment available;
- (d) land revenue including Permanent Settlement, agricultural rent, and other customary dues or cesses and charges, legislation affecting tenure of land, inheritance, alienation of agricultural land by sale to non-agricultural classes;
- (e) supply of cheap power for agricultural purposes;
- (f) ways and means of bringing under cultivation culturable waste;
- (g) agriculturists co-operation for production and consumption;
- (h) rural indebtedness in relation to Land Policy;
- (i) other legislation affecting the life and activities of agriculturists;
- (j) agricultural labour, including wages, hours of work, conditions of employment, efficiency of labour, and legislation affecting the same; landless labourers, partial owners, and tenants or sub-tenants working on land; agrestic serfdom;
- (k) agricultural Insurance, including provision against famine, flood, loss of crops, diseases of cattle, due to particular pests, and other contingencies of agricultural life.

SECTION I

Ownership and Use of Land.

As cultivation of land and development of industries based upon its produce is the main, if not the sole, source of livelihood for some 70% of the people of India, the subject of Land Policy is of the utmost importance.

The rights of ownership of land in India follow a varying pattern in various parts of the country. From the absolute proprietorship of the landowner, or the Zamindar,—to individual tenants holding directly under the State as supreme proprietor or landlord, as typified by Bombay or Madras under the Ryotwari System, there is a long series of patterns, as varied as they are complex, in regard to the rights in land.

Ownership is conditioned in both cases by the payment of the State dues. But while in the case of Zamindari lands, the State dues were fixed in cash in perpetuity, by the so called Permanent Settlement Regulation of 1793, in the *Ryotwari* Areas they were fixed, also in cash, for a varying term of twenty to thirty years. Being fixed in cash, the Permanent Settlement did not allow any increase in the Revenue demand at any time. Land Revenue Settlement collectively with the village as a whole as typified in the Punjab, is intermediate between the Zamindari and the Ryotwari pattern, both in regard to the nature of the rights assured and in regard to the term of settlement. The burden of the Zamindar or Landowner, accordingly, progressively declined as population increased, land became scarcer, and prices rose. The process was the reverse in the temporarily settled Ryotwari areas, where cultivated land was often found to be deserted whenever the cash demand could not be met because of famine or other natural calamities.

The relative proportion of the Zamindari and Ryotwari land holding is shown in the following table.

Forms of Land Tenure in the Surveyed Areas of British India in 1935-36

(thousands of acres)			
Ryotwari	Zamindari		Total area according to survey
	Settled Permanently	Settled Temporarily	
334,944	121,577	198,360	667,524

These figures are for 1935-36 when Burma was part of India. Before the Partition of August 15th, 1947, the total net area of India, minus the States, according to survey, was 512,994,958 acres. Of these, the forests covered 68.36 million acres, while other land not available for cultivation was 91.09 million acres. Of the rest, 92.229 million acres were not cultivated, and 47.150 million acres were fallow, leaving a net area actually sown at 213.29 million acres. In the matter of Land Tenure and Revenue Settlement, the relative position is unaffected by the separation of Burma, and even perhaps, by the Partition of the country. Later figures are, however, not available. The Partition, however, has lost to India large blocks of fertile or well irrigated land in Sind and the Punjab, which makes the relative pressure of population on the soil much heavier in the country that still remains in the Union of India.

Intermediary Right-Holding and Tenancy Legislation.

In the Zamindari areas, there may be a number of intermediaries between the actual cultivator and the ultimate landlord, having varying degrees or rights of ownership; while in the Ryotwari lands there may also be wholly landless labourers. The process of Subinfeudation, or division of ownership rights has gone the longest way in Bengal; but the presence of landless labour is not unknown there either. In the permanently settled areas, however, the tenant cultivator under the Zamindari was wholly at the mercy of the latter.

The rights of the Occupancy Tenant were assured to him very slowly, and bit by bit, under a long series of Tenancy Legislation beginning with 1859. Those who cultivated the land under the Zamindar were practically tenants at will from 1793-1859, with no claim to be continued in their bits of land year after year, and much less from father to son, even if they had devoted their life of labour to reclaiming, improving, and developing the land. The Tenancy Legislation is aimed to prevent this gross injustice to the tenant cultivator, restraining the Zamindar's right to dispossess holders under him; and granting to the latter certain rights of ownership, e.g. undisturbed possession after a given period of holding the same piece; of alienation and bequest. But even now the position of the tenant in the Zamindari areas demands reforms which have been summarised by the Indian National Congress as follows:—

Agrarian Programme of the Congress (December 1936).

"The Congress, at its last session, being fully conscious of the fact that the most important and urgent problem of the

country is the appalling poverty, unemployment and indebtedness of the peasantry, called upon the Provincial Congress Committees to make recommendations to enable the All India Congress Committee to draw up an All-India Agrarian Programme.

"The Congress is convinced that the final solution of this problem involves the removal of British Imperialistic exploitation, and a radical change in the antiquated and repressive land tenure and revenue systems. It feels, however, that the deepening crisis has made the burden on the peasantry an intolerable one, and immediate relief is urgently called for. Pending the framing of an All-India Agrarian Programme, therefore, the following steps are necessary.

1. Rent and revenue should be readjusted having regard to present conditions and there should be substantial reduction in both.
2. Uneconomic holdings should be exempted from rent or land tax.
3. Agricultural incomes should be assessed to income tax like all other incomes, on a progressive scale, subject to a prescribed minimum.
4. Canal and other irrigation rates should be substantially lowered.
5. All feudal dues and levies and forced labour should be abolished, and demands other than rent should be made illegal.
6. Fixity of tenure with heritable rights along with the right to build houses and plant trees should be provided for all tenants.
7. An effort should be made to introduce co-operative farming.
8. The crushing burden of rural debt should be removed. Special tribunals should be appointed to enquire into this and all debts, which are unconscionable or beyond the capacity of peasants to pay, should be liquidated. Meanwhile a moratorium should be declared and steps should be taken to provide cheap credit facilities.
9. Arrears of rent for previous years should generally be wiped out.
10. Common pasture lands should be provided, and the rights of the people in tanks, wells, ponds, forests and the like recognised, and no encroachment on these rights should be permitted.

11. Arrears of rents should be recoverable in the same manner as civil debts and not by ejectment.
12. There should be statutory provision for securing a living wage and suitable working conditions for agricultural labourers.
13. Peasant unions should be recognised."

In an earlier Session of the Congress (at Karachi in 1931) a comprehensive Resolution was passed declaring certain Fundamental Rights of Citizens. The section on economic and social programme included:—

"The State shall own or control key industries and services, mineral resources, railways, waterways, shipping and other means of public transport.
Relief of Agricultural indebtedness and control of usury—direct and indirect."

Morsellement of Land: Scattered Holdings and Their Consolidation

The policy adumbrated in these Resolutions has, however, not yet been given effect to. And meanwhile, the agrarian problem is becoming daily more complex and difficult. One result of the Tenancy Resolution, ensuring ownership rights in land to the cultivator has been to intensify the process of Fragmentation, and dispersal in minute strips of land under cultivation. The force of social custom, or the laws of equal inheritance common to both the principal communities in India have combined to make the size of the average holding cultivated increasingly smaller every generation. And these small strips are scattered in different parts of the same village, or are situated in different villages. As the Royal Commission on Agriculture says:

"In Pimpla Soudagar Dr. Mann found that 62% of the cultivators' plots were below one acre, and in Jategaon the percentage was 31. In Bairampur, Mr. Bhalla found that 34.6% of the cultivators had over 25 fragments each."

On the other hand,

"In a village in the Punjab, an owner was found with his land in 200 different places, whilst in the same village, there were six owners with 100 plots each."

Given such microscopically small plots, it is evident economic cultivation is impossible, especially as such subdivision is more pronounced in actual cultivators than among right-holders. The hardship on the cultivator is increased, because usually there is for him no other means of livelihood; and

so his poverty is aggravated by such uneconomic cultivation beyond endurance. Under those circumstances, moreover, there is no choice to the cultivator as between cash crops and food crops, so as to try and make more money out of small holdings, as the barest maintenance is so hard to obtain from such bits of land.

The subjoined figures taken from the Royal Commission on Agriculture, give some idea of the average size of holdings in the several provinces of what was before August 15th, 1947, British India. These figures, it may be added, are based on the Census Report of 1921; but they are sufficiently symbolic of conditions prevailing even today.

Size of Average Holding

<i>Province</i>				<i>Acres</i>
Bombay	..	..	..	12.2
Punjab	..	..	..	9.2
Central Provinces	..	..	..	8.5
Burma	..	..	..	5.6
Madras	..	..	..	4.9
Bengal	..	..	..	3.1
Bihar & Orissa	..	..	..	3.1
Assam	..	..	..	3.0
United Provinces	..	..	..	3.5

Defining Standard Economic Holding

It must be noted in this connection, that hardly ever has any systematic scientific attempt been made to define an economic holding. No doubt an absolute average cannot be laid down as a standard economic holding for all India, as it varies from region to region according to the nature of the soil tilled, the technique of tilling, and the equipment for tilling. These help to determine objectively the standard unit. Subjectively, there is the requirement from every unit considered to be an economic holding to maintain at least one family in a decent standard of comfort. But these factors are capable of objective evaluation; but no attempt has been so far made to allow for all such factors, and determine, what may be regarded as an economic holding in a given region.

Land Alienation Legislation

Without striking at the root of the evil; without even indicating what they considered to be a standard or optimum sized holding, the old Government in India tried to solve the problem by approaching it from the other end, and preventing it getting into non-agriculturist hands. The famous Punjab

Land Alienation Legislation reproduced in many States, like Kashmir, is based upon the idea that by permitting free trade in land, land would fall into hands not interested in cultivation. The Legislation, therefore, makes it impossible for land to be acquired by what were classed as non-agriculturist classes,—not non-agriculturist individuals.

This is open to the criticism that it prevents the influx of new capital for intensive development of farming, so as to place agriculture on a par with modern industry. It has, on the other hand, been defended as preventing land going out of cultivation because of the owner's traditional averseness or inexperience in such business. If such classes acquire land, they would be intent upon securing a net gain for themselves, whether they were mortgagees in possession or owners of such land. It may be that the class which commands liquid capital for acquiring land is usually not interested in direct cultivation. But the distinction between Agriculturist and Non-Agriculturist classes has been made not on individual merit, but on traditional grouping. Of late, moreover, it has unfortunately become a distinction on communal lines, and has emphasized more the disadvantageous side of the Legislation than the advantageous.

Remedies against the Problem of Morcellement

Land-holding may not have in India the same social significance which it bears in the older European countries like England, with feudal traditions. But in India it is the principal source of living for two-thirds of the people; and also the source of raw materials needed for the main modern large-scale mechanised industry the country possesses. Land holding has, therefore, an attraction and importance which is not governed solely by economic factors. For half a century after the British dominion in India was consolidated, more than 50% of the total public revenues of Government were also derived from this one source of new wealth. No wonder then, that, among the most difficult problems of administration, the settlement of State dues from land, and the connected question of determining and regulating the rights of ownership, tenancy or cultivation stood at the very apex of the list.

The remedial measures proposed in the different Provinces against the common curse of excessive and successive fragmentation of cultivated land and its dispersal in minute strips all over the place, are of a varied character. From encouraging and permitting voluntary consolidation by holders in the same village to the compulsory consolidation by legislative authority, there are a variety of schemes, which, however, all founder ultimately on the rock of inheritance. The

Royal Commission on Agriculture was against the use of compulsion, except as a last resort. But even if compulsory consolidation is legislatively permitted, the maintenance of that consolidation would be defeated the moment one of the consolidating members dies, and his landed property comes to be distributed among his heirs. Unless and until, therefore, land owning or holding is wholly nationalised, and cultivation reconditioned as a public enterprise, eliminating the profit motive,—e.g. under a system of collective or co-operative farming, as recommended in the Report,—there is little hope of this great problem being solved. So long, however, as the initiative for this purpose rests exclusively with the cultivator, who is usually illiterate and unable to see his own advantage in any programme of wholesale consolidation, the hope of a real and lasting solution of the problem would prove illusory.

Once such legislation is introduced; and administrative action is taken in correspondence with it, not only would the present tendency at fragmentation be checked; for all new land brought under the plough hereafter, the evil would be stopped at the source. The vast projects of multipurpose river training now undertaken by the National Government, are expected to bring considerable stretches of land under the plough. The existing culturable waste or fallow land, where no proprietary rights exist, are likewise open to be cultivated from the start as Collective Farms, or at least as Co-operative Colonies, the system of co-operation being for all purposes of agrarian life, and enforced by the authority of the initial law setting up such colonies. Fuller explanation on the subject will be found in the text of the Report and the Notes attached.

Land in India has been under cultivation for centuries upon centuries; and population has been increasing almost incessantly, at least during the last century. According to classical economists, therefore, the law of Diminishing Returns must have set into operation; and the hope of proportionately increasing return from such land may be considered unfounded. Nevertheless, if the present handicaps making for inefficient and uneconomic cultivation are remedied; and new land brought into cultivation, there is no reason to fear that the soil of India will not continue to respond to the increasing pressure of population in the generations to come; that all the necessary additional capital and labour needed for the development of this land would not be forthcoming; and that, consequently, our present deficient food supply, and the relative scarcity of some industrial raw materials could not be remedied.

SECTION II

Measures for Agrarian Reform

If the inherent richness of the Indian soil is to be developed to its full potential, the handicaps imposed upon it by man or nature must be removed as fast as possible. And where nature has been niggardly, human science and ingenuity must devise ways and means by which its miserliness can be remedied. The heavy handicap of fragmentation and uneconomic farming, discussed in the previous section, has attracted wide-spread interest and inspired a variety of ways to alleviate or eliminate it. But there are other handicaps, no less severe, on the Indian agriculturist, which, severally or collectively, are equally responsible for the relative backwardness of that industry. Among the most considerable of these are:—

The handicaps listed below make the yield per unit much poorer and the comparative cost of production much higher.

- (i) Insufficiency, irregularity or uncertain water supply,
- (ii) The seasonal character of the industry, its scattered units of production, and therefore also of workers engaged in it. Absence of properly organised supplementary or subsidiary industry or occupation to tide over the difficulty caused by the seasonal character of the main occupation.
- (iii) Inadequacy or obsolete nature of the tools and implements, which, even if they have served their purpose in the past, are in these days of increasing strain on land unable to yield corresponding returns;
- (iv) Absence of new capital investment in land to place it on a par with other industries producing on a large scale with the help of power-driven machinery.
- (v) Absence of adequate facilities for marketing, and the supply of credit to enable the cultivator to carry over from one crop season to another;
- (vi) Lack or difficulty of securing suitable manure whether organic or artificial;
- (vii) The heavy burden of debt from which the average cultivator suffers indefinitely by the social and ethical concept in regard to ancestral debt which no man-made law has yet been able to eradicate entirely;

- (viii) The nature and weight of the burden of the land revenue system prevailing in most parts of the country;
- (ix) Lack of suitable supplementary or off-season employment in the shape of associated, subsidiary or connected industries located in the midst of agricultural areas to provide additional employment and produce additional wealth;
- (x) The relationship between landlord and tenant in those parts where landholding is under more permanently settled Zamindars or land-owners.

Special remedial measures have, therefore, been taken to alleviate, eliminate, or counteract these handicaps.

(i) Irrigation by Wells, Tanks and Canals

One of the greatest handicaps of the Indian agriculturist is the uncertainty, irregularity or inadequacy of water-supply, whether by failure or insufficiency of periodical rains; or because of the peculiarity of the climate in a given region.

Small-scale Irrigation Works in the shape of wells and tanks, have been called for constructive enterprise by Local as well as State Authorities from time immemorial. More ambitious projects of canalising the perennial rivers, and so providing water for land otherwise inaccessible or impossible to cultivate for lack of water, have also been started by the previous rulers of the country and more particularly under the British regime. In 1941-42, the various forms of artificial water-supply to crops irrigated over 56 million acres, distributed as follows:—

Area Irrigated
(in millions of acres)

By Canals	By Tanks	By Wells	By other Sources	Total area irrigated
29,932,360	5,808,127	14,182,759	6,827,160	56,750,406

By that time, the large-scale public irrigation works had cost over Rs. 152 crores, and helped to raise crops valued at nearly Rs. 100 crores. Since then,—and particularly after the advent of the popular Government to power at the Centre as well as in the Provinces, more ambitious projects of multi-

purpose river-training have been taken in hand in several provinces which are estimated to cost over 200 crores of rupees and add several million acres to the cultivated area, increasing the crop value by several hundred crores in all likelihood.

The Report of the Irrigation Commission appointed early in the present century, had indicated a number of projects of large-scale river irrigation in Provinces exposed to deficient or scanty rainfall, Sind, or Punjab, Madras and parts of Bombay. These have subsequently been taken in hand and carried out so as to remedy this particular handicap imposed by nature upon the Indian Agriculturist. Irrigation by wells still provides 25% of such water-supply and tanks come third.

In more recent times these same projects have assumed a still more comprehensive character in what is called multipurpose river training. They are built to produce electrical energy by damming rivers, by constructing long canals to water extensive stretches of land by flow or lift. The resettlement of the people on land thus redeemed from wastage, and development of industries within the radius of power supply engendered by those Hydro-Electric works are no less important items in these projects. The resettlement of population originally displaced on land irrigated by the construction of such canals and the provision of such electrical energy is also a measure of development which is further emphasised by simultaneous steps providing adequate arrangements for the maintenance of health and sanitation facilities amongst such population, combating malaria and other such common ailments in lands of this character and connected matters. The cultivation of these newly reclaimed lands, if organised by compulsory universal co-operatives would go a long way to obviate the centuries old fear of diminishing returns.

The co-operative movement has been established and at work in this country since the beginning of the present century. In the initial years it was confined only to providing credit, cheaply to the agriculturist; but it was utilised by him rather for paying off old debts than for increasing production from land by more economic and efficient cultivation. The Principle has also been applied in marketing of agricultural produce which has been dealt with more fully in another Volume in this Series. But the use of that principle for directly productive purposes, embracing all items and aspects of agricultural life, including subsidiary industries has yet to be realised. The Report that follows elaborates and explains the idea more in detail.

(ii) Agriculture—a Seasonal Occupation

Agriculture is everywhere,—and particularly in this country,—a seasonal occupation. The rains needed to nourish the seed, come during particular months only and so all the operations connected with land cultivation have to be timed accordingly. For the greater part of the year, therefore, the agriculturist is without work, while for the three or four months of the season, he has to crowd in a great deal of hard labour in a limited space of time. The aid afforded by artificial water-supply from wells, tanks or canals, has made considerable areas capable of yielding a double crop, and even three crops in a year. But such lands still form a small proportion of the total areas under cultivation. The problem of organising the Agricultural operations, consequently, and industries subsidiary to the main occupation, so that full and regular employment all the year round is guaranteed to all those engaged in agriculture and its connected occupations, industries, services or utilities, is hardly yet perceived in all its fullness by the powers that be. This particular handicap is considered more fully from the angle of Agricultural Labour, and the need to establish subsidiaries, in a later section of this Introduction. Here, however, we may sum up the remedies applicable as consisting in reorganising agricultural industry as a whole, providing all its accessories, and developing subsidiary or connected industries, trades or occupations as integral parts of an overall plan.

(iii) Obsolete or Uneconomic Tools and Implements

The per unit productivity of land in India is believed to suffer considerably because of the obsolete and inefficient nature of the principal tools and implements with which the Indian cultivator normally works. Most of these are essentially unchanged since land was first brought into cultivation. More costly, up-to-date and efficient implements, including power-driven machinery for tilling, sowing, reaping, storing, etc. may increase proportionately the yield from farming. But it means new capital investment, which the average cultivator is too poor to afford on his own strength. And even if a cultivator, tenant or landlord was willing to invest more capital for increasing the productivity of his holding, the average size of the holding is so small, that such costly tools would be uneconomic and burdensome from his point of view, or under his circumstances. We shall have therefore, to wait until a wholesale revolution is effected in the country's agronomy; and the State is ready and able to invest substantially in bringing this, the greatest industry of the country up-to-date.

(iv) Need for New Capital Investment

The need for new Capital Investment in the Agricultural industry is not only on account of modernising the tools and implements or providing large-scale irrigation works, or electrical energy to the cultivator. Much more important is the question of improved technique, including the extension of cultivation by bringing culturable waste lands under the plough; and providing all the drainage, buildings, transport and marketing facilities for increasing the volume as well as the value of the crops raised. The Reserve Bank of India has a department specially intended to look after improving the agriculturists' credit; and the co-operative Society is almost entirely devoted to it. But the problem is not so much to improve credit; it is rather to ensure that the extra capital if and when made available, would be **productively** employed i.e. in getting more efficient implements, buying better seed, or extending cultivation. So long as the average agriculturist operates unaided on his small bit of uneconomic land, new investment by those schooled in the doctrine of due return on capital will not be encouraged. This aspect, therefore, of the problem is likewise interlinked with the main problem of an agrarian revolution, reorganising and reconditioning the entire agrarian system of the country. That is to say in one form or another the trammels of private proprietorship, functioning under the shackles of individual initiative and dominated by the research for private profit must be removed and annulled if this ancient land of ours is to yield all that it is capable of.

(v) Lack of Adequate Marketing Facilities

The Indian agriculturist, it is commonly said, suffers from two main handicaps, the heavy burden of ancestral debts, and the load of cash revenue settlements. These are both intensified because of the comparative absence of proper marketing facilities, so as to enable the agriculturist to secure the best price for his produce. One of the Revised Instructions issued by the National Planning Committee to its Sub-Committees in 1945 particularly stressed this item, viz. that the agriculturist should be enabled to secure a fair return for his labour. The price control mechanism while it was in operation, worked mostly to the prejudice of the primary producer. The special legislation for marketing, reviewed in another Volume in this Series, approaches the problem from a limited angle. The result is that its benefit is not obtained for more than 10% of the total agricultural produce,—if even that much. These facilities will, therefore, need to be widened

and deepened and strengthened materially, if they are to serve their primary purpose.

(vi) Lack of Suitable Manure

The replenishment of exhausted soil by means of organic and inorganic manure is a crying need of Indian agriculture, for which the traditional method may not suffice under present conditions. The organisation of collecting night soil from centres of population, and the utilisation to the fullest of farmyard manure, requires proper organisation, that is now being attempted in certain Provinces on more than a merely individual cultivator-scale. A more ambitious project is to provide artificial fertiliser, for which a large-scale factory has been recently established at Sindri as a Central Government concern. The output of this factory, together with two smaller plants for the same purpose in Mysore and Travancore will scarcely amount to a third of our estimated requirements today in this behalf. And if to existing requirements is added the need to supply such fertilisers for new land brought under cultivation from waste land or because of large scale land reclamation projects now in hand, the quantity of such manure needed would have to be more than doubled; and so the capacity of the plant now established would have to be increased sixfold.

(vii) Burden of Ancestral Indebtedness of Agrarian Classes

Reference has been made to this handicap on the Indian farmer, in this Introduction and in the body of the Report, as in other Volumes of the Series, much too often to need detailed consideration here. In a publication of the National Planning Committee, entitled **Priorities in Planning**, the section dealing with Education, has a specific scheme for liquidating agriculturist's debts which, though originally framed for the Province of Bihar, is possible to adopt on a national scale with the modifications necessitated by time and circumstances. The fact of the burden is universally acknowledged; as also its intensification because of the tricks employed by the village **sowcar** to recover his dues. The remedies suggested have taken the shape of legislative relief against excessive interest charge, and certain methods of recovering the dues, which, however, have not sufficed to eradicate the evil. Even fixing the maximum of interest chargeable on such debts has proved ineffective. The more heroic remedy of wholesale repudiation is unlikely to be adopted so long as the ideology of individual enterprise motivated by personal profit governs the policy of the Government of India. If that policy is not radically recast, an Agricultural Finance Corporation, corres-

ponding to the Industrial Finance Corporation already enacted will have to be set up, with much more extensive powers and functions than its prototype in industry if it is really to serve the turn.

(viii) The Burden of Cash Land Revenue

Not the least of the handicaps on Indian Agriculture is the fixed demand of Land Revenue in cash. When the system was first introduced, it was hailed by its authors as a great improvement on the traditional system of payment in kind, as it would avoid every opportunity of corruption to the official and oppression of the ryot. No doubt, this was an advantage. But as against this, there is the burden of the cash demand, which became unbearable in years when the rains had failed, or the crops had suffered because of some other natural calamity outside the control of the agriculturist. Where, moreover, the cash demand was fixed only for a term of years; and during the term the curve of prices went downward, the amount of the produce the cultivator has to sell would be much larger for getting the same value necessary to pay the fixed cash Land Revenue. Further, at each periodical revision of the Settlement, if the price average shows a rise the Land Revenue demand would be increased, so that the benefit resulting from general social improvements do not benefit the cultivator in a full measure.

Where Land Revenue has been fixed with Zamindars in perpetuity, the advantage is on the side of the land-owner. Over a long series of years stretching into generations, prices inevitably tend to rise. The produce of land, therefore, brings in much more in cash than the amount necessary to pay the Land Revenue demand. Though at the time the Permanent Settlement was made in Bengal, the share of the State was fixed at 90% of the total produce, and that was converted into cash fixed in perpetuity, the steady rise in prices during a century and half that the Settlement has endured, the Zamindar has had ever increasing returns. This benefit is the more enviable, as the Zamindar, on his side, was free to charge such rent as he found economically chargeable. His tenants, or those who actually cultivated the land under him, did not therefore get anything like the advantage the Permanent Settlement brought to the landowner,—at least until the Tenancy legislation, referred to already, attempted to ameliorate the lot of the tenant in Zamindari areas.

In any case, the Land Revenue in India does not satisfy any of the canons of sound taxation. It is a direct tax, which, however, scarcely recognises the limit of taxable capacity.

There is no exemption of a minimum, needed for the cultivator's subsistence, from the burden of this tax. Nor is there any graduation in the rates of the tax according to the amount of the produce or its quality and price. The complete exemption from Income Tax of all incomes derived from agriculture, no matter what its size, is another injustice of the system, which must, accordingly, be condemned as obsolete, uneconomic, and unjust.

The only way to remedy this handicap is to make the Land Revenue correspond to the Income Tax, and conform to all its canons of taxable capacity, progressive rise in rates, and exemption of a minimum needed for subsistence for the cultivator and his family. At the same time, Agricultural Income must be made liable to Income and Super Taxes,—as they have begun to do in Provinces where the Zamindari System of Permanent Settlement still endures. Unless these much overdue reforms are carried out, the Land Revenue system will continue to cause a needless handicap on the cultivator, impeding and frustrating all his attempts at making his business more efficient and productive.

(ix) Subsidiary Occupation

The peculiarity of Agriculture as a seasonal occupation has already been noted. Its remedy in the shape of reorganising agrarian life, by setting up associated, connected, or subsidiary industries to provide supplementary employment for the agricultural classes, has also been mentioned. Many industries, which may provide off-season employment, and may at the same time be within the scope of the primary Village Co-operative, are possible to start,—if only a comprehensive Plan of all-round national development has been worked out, giving its due place in the national economy to large as well as small industry. One aim of a scientific National Plan is to take off the surplus population from land, and employ it in alternative productive occupations, including services and utilities. This will be realised only if a well co-ordinated Plan is adopted to regulate and control all such possible industries. Apart from such industries needed to meet the immediate needs of the agriculturist by local craftsmen, there may be more modern large-scale mechanised industries also possible to set up, if the Village Co-operatives mentioned in the Report are properly worked out. Another Volume in this Series, dealing with small scale and cottage industries, will be of particular interest in this connection.

(x) Landlord and Tenant

The problem of equitable relations between Landlord and Tenant has already been touched upon, and so need not be

repeated in this place. The legislation, which has hitherto been adopted to ease the position of the tenant, does not go far enough. The bias of those in power was unconsciously on the side of proprietary interests. With the wholesale reorganisation of farming on lines suggested in the Report may, it may be added, render the entire problem obsolete, as the larger landlords, enjoying unearned incomes, may be dispensed with; and the smaller organised into co-operatives, where the problem of regulating tenancy rights would not be so important.

Almost every one of these handicaps is capable of being remedied; and the hardships caused by same in a large measure eliminated, if a comprehensive and co-ordinated plan of agrarian reform and reconstruction throughout the country are adopted. Agriculture, however, has been, and will continue to be under the new Constitution, a provincial subject. The resources of the Local Government being limited, they will necessarily condition the effort at reform and reconstruction as applied to this field. The aid of the Central Government, both technical and financial, would be needed to complete and execute a comprehensive plan of Reform and Reconstruction on a national scale.

As stated already, not one of these handicaps is utterly unknown to the authorities concerned; nor are likely remedies wholly untried. All that is now needed is a careful interrelation, co-ordination, or ingration of the various facets of the entire Plan, which would provide a comprehensive and all embracing policy regarding Land development, and its application on a nationwide scale, making due allowance for the varying conditions of the soil, climate, market etc., in the different Provinces and States.

It would, therefore, have to be one of the most important and urgent tasks of the National Planning Authority if and when established, to co-ordinate and mutually harmonise these various measures. They are all intended for a given end, namely for raising the produce from land in the aggregate as well as per unit of cultivation. The "Grow More Food" Campaign, which has been attracting increasing interest since the closing years of the war, and particularly after the man-made famine of 1943-44, has made these measures all the more important. But even under the stress of a growing deficit in the food supply of the country, a co-ordinated Land Policy has not yet been developed. The various remedial measures outlined above seem therefore to be spasmodic and unco-ordinated, each functioning in its own way, without

regard to their mutual reaction and the aggregate result upon the national economy as a whole.

Utilising Culturable Waste

In the list of remedial measures, reference has just been made to large blocks of culturable waste available in the country, amounting perhaps to as much as 140 million acres in the various Provinces and States of the Dominion of India, which if properly brought under cultivation by a well-planned Land Policy, would add materially to the food resources of the country as well as to the raw materials. They require considerable investment of capital and labour, as also the provision of conditions and amenities indispensable for bringing such land under the plough. To facilitate such investment, the problem of ownership in land will have to be solved from the very start as regards these new lands. And the incidental questions affecting all the handicaps listed above will likewise have to be solved from the beginning, so that no avoidable impediment is cast in the way of such a programme being realised.

The objective mentioned in the Terms of Reference in this section is concerned with "bringing about an equitable distribution of land, rivers and their effective utilisation for maximum benefit of the country." Of these two aims, the question of redistribution of land would arise only in an indirect manner, in as much as land-holding in full proprietary right is converted to Zamindari areas where the States' dues from such land-owners have been fixed in perpetuity. The abolition of the Zamindari system, however, has now been accepted as the principle of policy in almost every unit of the country. It is, therefore, a matter of its being given effect to, which the legislation now under contemplation in the various Provinces is seeking to do.

The effective utilisation of land, on the other hand, for developing for the maximum benefit of the country, that is to say for increasing the yield from land for food crops, raw materials for industry, and subsidiary industries of animal husbandry, dairying, fisheries, forest produce, etc. requires a wholesale reorganisation in agricultural production, which has been explained in the Report that follows.

SECTION III

Legislation Necessary to Carry out New Land Policy

Reference has already been made to the need for legislative action for consolidating holdings and making them more economic for cultivation. The problem involves the amendment of the personal law of the principal communities in India, requiring equal division of the property as between the heirs of an owner or occupant of land. In successive generations this leads to excessive fragmentation and dispersal of cultivated land. Alternatively, the reorganisation of land in Compulsory Universal Co-operative corporations, embracing the entire gamut of rural life in a whole village or groups of villages, devoting themselves to specialised farming on an intensive scale, as explained in the Report of the Sub-Committee, would obviate the need for radical change in the traditional system of inheritance that has characterised this ancient land for centuries. The latter would, in fact, be much more effective in securing the objective mentioned above than the former, and as such greater emphasis has been placed upon it. But it cannot be carried out without the necessary power and authority, funds and functions granted by the sovereign legislature.

The reference to the Sub-Committee in this regard speaks of the numbers to be supported as well as full utilisation of the equipment available. This concerns the question of a standard economic holding, which, as remarked elsewhere in this Introduction, has never been specifically defined; and if attempted, it would vary not only from region to region, according to the varying conditions of soil, climate, water supply, marketing, transport, credit etc. but also from period to period according to changing technique, growing knowledge and improving equipment, tools or implements.

The question, therefore, of the numbers that the land per unit, or in the aggregate, may support is all but impossible to answer *ad hoc*. In general, however, the remark may be made, that notwithstanding the large population in this country, steadily growing from year to year, the growing deficit in food supplies to meet the needs of such a population, the available land and its possible supplementing by bringing the present culturable waste into cultivation, as well as by reclaiming desert land by means of large-scale irrigation works, it is possible to increase the yield, both of food crops and

raw materials for industry, sufficient to meet all the primary needs to provide a reasonable standard of the present population in the Dominion of India.

This is, of course, subject to what has been said in another Volume in the Series, viz. that on Population. The task of redistribution of the pressure on the soil should, however, take the shape of distributing the total man-power between agriculture and its associated and connected industries services and utilities; as well as manufacturing industries, and public administration, including national defence. This should be an inevitable consequence of a comprehensive national plan properly given effect to. The exact proportions that agriculture with its associated or subsidiary occupations should support, and those which can be maintained by Industry, Commerce, Social Services, and Public utilities, including national administration and defence, is difficult to prescribe *a priori*. Broadly speaking, however, a balanced economy would allow 50% of the population to be supported by agriculture, 20% by Industry of all kinds 10% by Commerce including banking, shipping and insurance; 15.1% by Services and utilities, and 5% by general administration, national defence and professions. Other legislation necessary to give effect to the remedial measures suggested above would be on account of:—

- (1) Modernising and rationalising the Land Revenue systems placing that revenue as near as can be on a par with the other direct taxes, on income and capital wealth;
- (2) Recasting of the ownership and tenure of land as well as its cultivation;
- (3) Reorganising the entire agrarian life on a co-operative basis;
- (4) Alleviating the burden of agricultural indebtedness;
- (5) Improving the scope and working of agriculturist credit including instruments and institutions of such credit;
- (6) Facilitating proper and profitable marketing of produce;
- (7) Carrying out multi-purpose River-training projects;
- (8) Safeguarding and developing the cattle wealth of the Community;
- (9) Organising Agricultural Labour; and
- (10) Providing a nation-wide scheme of agricultural Insurance against every contingency of agrarian life and work.

SECTION IV

Term of Reference (d), (e), (f), (g), and (h)

Terms of Reference:—

- (d) Land Revenue and tenure, including Permanent Settlement;
- (e) Supply of cheap power for agricultural purposes;
- (f) Ways and means of bringing Culturable Waste under cultivation.
- (g) Agricultural Co-operation for production and consumption; and
- (h) Rural Indebtedness, have been considered and disposed of while dealing with the several handicaps on the agriculturist in India; and so need not be repeated here.

SECTION V

Agricultural Labour

The problem of agricultural labour is extremely complicated, not only by the mixture of two capacities often in one and the same person, namely of the land-holder, whether as Zamindar or tenant,—and the actual labourer, but also by the scattered character of the holdings and therefore of the workers engaged thereon. This is in marked contrast with labour engaged in Industry, Commerce or incidental services and utilities. Labour is congregated in factories, and is so more easy to organise, as also to deal with on a more uniform basis. Their needs and claims are more or less similar; while agricultural labour, scattered in small bits, has varying needs.

It is, therefore, difficult to deal with agricultural labour on a comprehensive scale as factory labour might be dealt with. The formation of Trade Unions, the introduction of minimum wages and provision of social security are, accordingly, extremely difficult, because of the agrarian population being scattered, ignorant, and so incapable of appreciating its own advantage. The size of the problem may be judged from the following statistics:—

According to the Census of 1931, the latest available for this purpose, the principal occupations of the Indian people were distributed as follows:—

<i>Occupations</i>	<i>Percentage of Population</i>
I Exploitation of Animals & Vegetation ..	67.0
II Exploitation of Minerals .. ..	.1
III Industry	9.7
IV Transport	1.5
V Trade	5.4
VI Public Force .. ..	.5
VII Public Administration .. ..	.8
VIII Professions and Liberal Arts	1.7

The population supported by occupation Class I, and generally described as Production of Raw Materials including Exploitation of Animals and Vegetation, Fisheries and Minerals, as also preparation of the supply of material substances,

numbered, as regards actual workers without counting dependents, who averaged 56% in all occupations, 153.9 millions, taking only pasture and agriculture, the total number of workers was over 102 millions, of whom,

1. Non-Cultivating proprietors, taking rent in money or kind ..	numbered	3,257,391
2. Estate agents and managers of owners	"	63,840
3. Estate agents and managers of Government	"	9,938
4. Cultivating owners	"	27,006,100
5. Tenant Cultivators	"	34,173,904
6. Agricultural labourers	"	31,480,219

These figures include landowners, rent receivers, proprietary and other tenants, and actual landless labourers. Most of the tenant cultivators are little better than labourers, since their plots are too small to yield a fair return without labour on their part. But even if we ignore them, and count only the actual labourers without their dependents, their number would be over 31.5 millions; while if we add to the total the number of tenant cultivators or cultivating owners, the number would exceed 95% of the total working population engaged in this the greatest of our national industries.

Though these figures are based upon the Census of 1931, for all practical purposes the relative proportions and dimensions of the problem remain unchanged. The slight increase in industrial population that has occurred in the intervening decade and a half is more than counter-balanced with the increase in population which would make the population in India on the 15th of August, 1947 exceed 43 crores. This means that even after Partition the population of the Dominion of India will not be less than 35 crores by 1950; and the number of agricultural labourers without any land of their own would total, roughly speaking 3.5 crores without counting their dependents or 10 crores in round terms including everybody.

Not even a beginning has been made in the organisation of this vast potential of man-power devoted to this principal source of new wealth in the country. It habitually lives in condition verging up on starvation, with filth and dirt around them, and with disease and debility hanging like a sword above them suspended by a hair. Its own ability to organise and press for, or even to realise their just dues in the distribution of the wealth, in the elimination of the parasites fattening upon them, is next to nil. The burdens of debt to

money-lenders, of cash payment of revenue, and others of the ilk are all but unshakable,—unless the organised-might of the community comes to their rescue. By legislative authority, by executive action, by educative effort, they must be roused to the consciousness of their dues; must be strengthened and supported to struggle for realising them, and so must be enabled to enjoy a decent standard of living which is denied them even more effectively than to the socially Depressed classes. The cultivator is the primary source of all wealth; let him not be residuary legatee of all woes.

Outside assistance is generally shown by welfare workers or missionaries. But these are impelled by motives not directly concerning the economic uplift of the class as a whole, or the eradication of the evils which beset the agriculturist. The aid of the Public Official, in whatever Department of Public Service he may be, has been unavailable for all practical purposes, to this the lowest stratum in the agrarian life and economic structure of the country. The new popular Government in India, however, inspired by a desire to make Swaraj a real fact of direct benefit to the workers and the peasant, and pledged to achieve it in a given period, must take steps, legislative or otherwise, and help actively to improve the status of the agricultural worker, including the tenant-cultivator and place him at least on a par with the industrial worker in all concerns of his daily life.

In the Agararian Charter, the present writer has suggested, **apropos** of agricultural labour:—

“No distinction should be made, in conscripting manpower for social service or the National Plan, on the basis of sex; nor should any work be reserved exclusively for, or denied to, either sex. Reservations may, however, be made, on given conditions and in the long-range National interest, in regard to certain types of exacting work, from which women at certain periods may be exempted, excused or excluded.

There is at present no lack of labour upon the land. In fact it is in super-abundance, so that neither the full time nor all the energy of every worker is employed. Nor is the return to every worker sufficient to ensure him and his family a reasonable standard of civilised existence.

This anomaly, however, must be corrected by readjustment of the available labour force, or the total man-power, of the country to the amount of aggregate work, planned out in advance, to be done in the Country.

A complete programme of all Agricultural work in every aspect must be prepared, side by side with the Census, and by the same Authority. Available workers (or peasants) should be adjusted according to their aptitude, domicile, training and desire, to the total work, whether on the farm or in the factory. No one must be allowed to remain a parasite, without work, except the under-aged, the over-aged, those permanently disabled or temporarily incapacitated from work by illness, or other valid reasons; and so excused or exempted from work without any prejudice to all their other rights and duties, privileges and obligations, as members of a planned national economy.

Subject to the comprehensive National Plan of India being not jeopardised, and provided the country's development does not become lop-sided, workers should be free to choose the task most congenial, and in which an individual is able to give the best results. Work should generally be assigned to every citizen in accordance with the qualifications, attainments, and physical and mental ability or aptitude of each individual."

As will be seen in the Summary of Developments at the end of this Volume, even within the first six months of the new Government in India, several projects have been undertaken, not only to make up the deficit of food supply in the country, and guarantee a certain return to the Agriculturist, but also to supply water on an assured scale to great blocks of otherwise barren land, generate and distribute electrical energy for developing small or cottage industries in rural areas, to provide additional or off-season employment, and resettle humanity displaced while large works were in progress under as model conditions as possible. These attempts need also to be integrated and made into a wholesale, co-ordinated, comprehensive National Plan. While the present Government of India have announced an Industrial Policy of their own for whatever it may be worth, to be pursued for ten years, there is no similar declaration of their policy regarding Agriculture. From the point of view of new wealth production in the country, Agriculture in all its forms is responsible for more than two thirds of the total wealth produced in the country; and that too, of primary importance even for those other sections whose industry provides the rest with employment, and supplies the remainder of the national wealth.

(There is one case where legislative reform is indispensable; and that relates to the prevalence even today of a form

of slavery or serfdom connected with land. The new Constitution, in its Chapter on Fundamental Rights, provides for abolishing slavery or serfdom of any kind. But the dependence of certain persons on given bits of land in parts of Gujerat and of Sind, still makes them for all practical purposes *ascripti Glebæ*, and a blot on a free national economy. Special enactment would therefore be necessary to abolish this serfdom. What is generally called "begare" and is forced unpaid labour for a given task,—and prevails in the backward rural areas to a much greater extent than the ordinary politician is aware of, is sought to be abolished by the new constitution. Its reappearance in any form must be guarded against).

Agricultural efficiency in this country, if judged by the comparative yield per unit of land in the different crops, is,—no doubt, low. But the equipment with which the Indian agriculturist works, and the handicaps under which he labours, are such that it is a wonder the productive efficiency has not gone down lower. The land, too, has been exploited for too many centuries, not to require some rest, or at least replenishment. Reference has already been made to the excessively small size of the holdings on which the cultivator has to work. He cannot therefore hope to produce per unit what his prototype in the United States, Australia, Canada, Argentine or Brazil, working with the aid of high powered machinery on large stretches of land cultivated as single holdings, can. The tools and implements of the Indian Agriculturist are, if not obsolete, at least comparatively inefficient; and so cannot help him to increase his efficiency in comparison with the modern power-driven machinery which carries out most of the agricultural operations in America. The lack of manure, water, transport facilities and suitable marketing conditions, are other handicaps upon the Indian agriculturist, which makes his efficiency relatively much lower. These must be all dealt with in a comprehensive National Plan and policy regarding land development. While giving all its due to the first popular Government in India, it must be admitted that their attention has been claimed much more by spectacular projects of industrial expansion than by the humdrum need of the agriculturist. The balance must be rectified.

SECTION VI

Rural and Cottage Industries

We have spoken of agricultural labour in a preceding paragraph as including both the actual workers and tenant-cultivators, who are all equally engaged in tilling the land or exploiting its produce. Rural labour engaged in small-scale industries shares the same lot and yields the same results. These industries have been mentioned as connected with agriculture, subsidiary to it, or supplementing its contribution to the national wealth. Their importance in India's National Plan has been emphasised because of the alternative, off-season, supplementary employment possible to provide through its means. There is yet another consideration which today stresses their utility even more than before. In these days of economic dislocation all over the world, when it is difficult, if not impossible to obtain capital goods from abroad to develop intensively large scale mechanised industry, the maintenance of economic independence and national self-sufficiency would be very much in danger if the small rural industries are not strengthened and developed to provide essential supplies.

Subject to the foregoing, the present writer has, in his Agrarian Charter, stated:—

Village Industries

- (1) This is an age of power-driven machinery, and large scale production en masse of standardised material in all forms of producing new wealth, utilities, or services. All industries are possible to mechanise, and work on a large-scale, including the home, the service of tailor, carpenter, sweeper, cleaner, washer, etc.

The traditional distinction between town and country is now obsolete and without foundation. Under present conditions, it has no bearing, for modern industry can be planted in rural areas just as much as agriculture can be mechanised and industrialised, with power-driven machinery and mass production technique applicable to Agriculture as much as to Industry.

The saving in time and labour possible to effect by means of power-driven machinery in all forms of production, is necessary, not only for meeting the

increased needs of an increasing population, and improving standards of living, but also to secure, in a larger and greater measure, a chance for self-realisation, self-expression and self-fulfilment for every human being.

It is, therefore, uneconomic and wasteful to seek to keep rural areas on a basis of local or village self-sufficiency, with handicrafts or human labour everywhere doing the work which may well be done by machinery.

All agricultural occupations, principal or subsidiary, associated, inter-dependent or processing, must be progressively mechanised, to facilitate increasing and extensive production on as large a scale as possible.

- (2) Industrialisation of Agriculture, or conduct of agricultural operations with the aid of power-driven machinery, and production carried out on a mass-scale would be economically possible only if all industries and operations connected with, dependent upon, or subsidiary to agriculture are run on a Collectivist, or at least a co-operative basis. This may be co-terminous with the standard unit of the region within which the best results are estimated to be obtained.
- (3) Under this conception of reorganised agriculture, Cottage Industries would have a very limited, though well defined, place. They would consist principally of artistic production or repair work, and such operations as do not admit of mechanisation and large-scale production, under the existing habits of Indian society.

In any case, these must be progressively replaced by mechanised, large-scale, mass producing industries. Each such industry must be located in a suitable area, employing all the surplus population of that area, which cannot be absorbed in agriculture proper, or in any of the connected, subsidiary or processing occupations or industries.

- (4) Industries familiar to agriculturists or connected with agriculture, e.g., building, tool-making, dairying, poultry-farming, bee-keeping, flour-milling, baking, leather tanning, articles made out of leather, fruit-canning etc., not to mention industries connected with the slaughter house, easily admit of mechanisation and mass production.

A careful survey must be made of all such available industries, and a co-ordinated plan prepared applicable to one or more units in a given region, or to the whole region, for their location, equipment, finance, labour and market.

Each appropriate Local Co-operative Council should be entrusted with the establishment, conduct and control of suitable industries within its jurisdiction; and where such a body is found unsuitable to conduct or control these industrial operations, a Statutory Body or Trust, must be established as an autonomous Organisation, and part of the National Plan, to conduct such industries. This Trust must also be based on the co-operative principle, with the workers and the community represented by the Government of the Unit or Units concerned as sharers.

The consequential re-distribution of population, from Agriculture to Industry and its incidental services must be effected without needless interference with the habits of the people concerned. A fair re-distribution of the Population would leave agriculture with 50%, Industry of all kinds and sizes 20%, commerce and the associated service of Banking, Insurance and Transport of all kinds 10%, Services, Utilities and Amenities 10% and general administration including defence 10% = 100%.

- (5) Industries which, at the time of such mechanisation, do not admit of mass production, like artistic work, repair shops, etc., must remain in the stage of Cottage Industry, employing either the worker himself, full time or part time, or at most, the member of his immediate family.

No industry should be classed as a Cottage Industry, which employs hired labour of outsiders, or which employs power-driven machinery to produce standardised wares in quantity for an unknown market.

- (6) Cottage Industries may receive such aid, protection or encouragement from the Local or Central Government as is consistent with the general National Plan, and accepted by the Government of the day as necessary and desirable.

In considering proposals for the aid, encouragement or protection of rural industries, preference must be given to those products which have an immediate sale in the local market.

(7) No industry should be encouraged, aided or protected in any way, as a Cottage Industry, which is open to competition from mechanised production, whether from the country itself or from outside.

(8) In all rural industries, whether those truly regarded as handicrafts or skilled work, or those which are mechanised and worked on a large scale, all element of private profit must be progressively eliminated, and, after the Transition period, rigorously excluded. These industries must be organised and operated on a collective, or at least a co-operative basis.

(9) Cottage Industry Co-operatives (or Collectives) must be established in such Village, Taluka, District or Province as are deemed suitable for the purpose under some organic law specially passed in that behalf.

These Associations should be co-ordinated and inter-linked to facilitate and expedite all their activities and should help to finance, equip work and manage these establishments, market their produce, obtain the necessary raw materials, and secure the necessary labour, skilled or otherwise, for working such industries.

All labour employed in any such industries must be in accordance with the National Labour Code, and receive the nationally guaranteed minimum of wages and other conditions of work.

(10) All finance needed for starting as well as operating such industries must be obtained from or through the Reserve Bank, or the Central National Banking Organisation. The Bank must utilise its currency and credit Control Departments for all such purposes of organised reconstruction in National Economy to the utmost necessary."

SECTION X

AGRICULTURAL INSURANCE

The last Term of Reference relating to Land Policy concerns the provision of, a measure of protection against the common contingencies of agrarian life, which elsewhere takes the form of insurance against sickness and unemployment of the worker. In the case of the worker on land, the problem of providing adequate Social, and Economic Security is even more difficult, as the worker's own ability to contribute to any extent for his own assurance is nil. The entire burden of providing a minimum measure of economic security, indispensable for the soundness of our aggregate national economy, must therefore be provided by the State, as represented by the Central, Provincial or Local Government. A full note on the subject has been added as an Appendix to the Summary of Development in the Volume on Insurance in this Series; and so here we shall only mention one or two salient features to round up the Terms of Reference.

One of the commonest risks which agricultural life is exposed to in this country is Famine, or failure of crops because of the failure of rain, and the consequence menace of starvation. A kind of Famine Insurance system was attempted by the British Government of India from about the 80's of the last century. But the history of that Fund is more a warning than a stimulus to reorganise on those lines a national comprehensive system of insurance against all the risks of agricultural life including famine, epidemics, cattle, plague, crop pests, etc. There are, however, no reliable data on which such a Scheme of Insurance can be based. We cannot, however, resign ourselves, merely because there are no data, to making no effort at redressing this age-old grievance of our farming population. Immediate steps must, therefore, be taken to collect and compile all available statistics and other information for laying a foundation of this system. And meanwhile other steps must be taken to build up some kind of a special Food Reserve and other guarantees against the risks to which agricultural life is exposed. Special research for combating agrarian pests, cattle disease, epidemics, etc., must also be undertaken if the yield from agriculture is to be substantially raised, and made as considerable as it may well be expected from the land of India, and if the conditions of living for those connected with it are to bear comparison with similar conditions for workers in other industrialised nations.

K. T. SHAH.

Report of the Sub-Committee on Land Policy, Agricultural Labour and Insurance

I. Ownership In Land

1. The Ownership in all forms of Natural Wealth must belong to and vest absolutely in the people of India collectively. This includes fields, farms, or fallow lands; mines, quarries, rivers; natural springs; mountains; sources of mechanical energy or power; forests, whether actually being cultivated, exploited and worked, or not; all other forms of natural advantage which can be used to produce new wealth.

2. All produce, fruit, or other increment in value, from such Lands, Mines, Forests, etc., must likewise belong to the people of India collectively. By their sovereign authority, the people may make laws from time to time to regulate the distribution of such produce, fruit, etc., among the citizens and residents of the country, and administer them through such agencies as the said laws may create for the purpose. But the ultimate ownership in these must vest absolutely in the people collectively. All profit or surplus from the utilisation of natural wealth must also belong to the community collectively to enable it to adjust properly all forms of collective economy.

3. All forms of such Natural Wealth and advantage should, subject to the ultimate collective ownership of the people of India, be distributed, for cultivation, exploitation and management, among such associations and organisations, collective or co-operative, of the people of each Province, District, Taluqa, or Village, as the regulations made under the fundamental Land Law in each case prescribes. Private profit-taking from these sources must be abolished. Such associations of compulsory co-operation, or collectivisation, must be organised and established in every part of the country so as to apply to and take charge of all such forms of natural wealth.

4. After the coming into effect of the Plan, there must be no rights of inheritance in any of these forms of Natural Wealth. No transfer, sale, alienation, mortgage, lease, or any agreement of subinfeudation, or usufructuary management, by individual holder to another, should be permitted with respect to any such form of Natural Wealth.

5. For the purpose of providing adequately for the needs and requirements of maintaining a comfortable standard of civilised life among the people directly engaged in working

these sources of Natural Wealth, a standard scale of provision for such needs and requirements of each unit, whether an individual or a family, shall be prepared, under the authority of the people of India, by such agency in each Province, District, Taluqua or Village, as may be prescribed in the National Land Law on this subject. A minimum scale of living in conformity with such standard shall be guaranteed to every worker in any of these forms of natural wealth, or its development. The scale so prepared should be applied within the respective jurisdiction or sphere of authority of each such agency described above. It must be open to revision from time to time in accordance with the changing needs of a progressive community.

6. After due provision for the needs and requirements of maintaining a comfortable standard of civilised life for the people engaged in cultivating, working, exploiting or managing any such form of Natural Wealth, all its produce, fruit, &c., should belong to, and be taken by, the Village, Taluqua, District or Provincial authority, and in such proportion by each of these authorities, as may be prescribed by the sovereign will of the people in the Land Law from time to time. The first charge on all such produce is for the maintenance of the population engaged in such production in a prescribed standard of life. The residue is taken by the representative organisation of the people, to be used in accordance with the requirements of a pre-determined National Plan.

7. No intermediary parasites,—Zamindars, Taluqdars, Malguzars, Concessionaires, Mortgagees, Lease-holders, or farming contractors of any sort,—should be recognised. All rights, title, interest or privileges, granted or assigned to any of these classes, should be bought out, or abrogated and cancelled, after the period of transition prescribed in the National Land Law. If the Law so ordains compensation may be paid to these classes, so, however, that none of them can remain mere parasites, after the period of transition has elapsed.

8. Steps must forthwith be taken to consolidate all such forms of National Wealth into such standard units as can be most economically operated with a view to increase the aggregate net return from these forms of Natural Wealth, and to minimise the amount of human effort involved in cultivating or developing these.

9. No sub-division of agricultural land (or other forms of Natural Wealth) by any incident of Inheritance, mortgaging, alienation or device of shareholding corporation, should be permitted.

10. A Fundamental Land Law of all-India efficacy must embody the foregoing principles, and serve as the basis of planned economy as regards all forms of natural wealth capable of yielding new wealth.

II. Land Revenue

1. During the transition period, no Tax, Rent or Land Revenue demand should be made, in respect of any piece of land, which is so small, or the gross outturn of which is so slight, that the whole of it, if left to the cultivator for his own use, would not suffice to give him a decent human existence, according to a pre-determined standard.

2. Pending the complete socialisation of all forms of Natural Wealth, lands, &c., held by Zamindars, Taluqdars, Mortgagees, long term Leaseholders, or other similar parasites, must be taxed at a sharply progressive rate as regards the produce, or income, derived from the same. A rate of 100% on the surplus of any **individual** income from this source of Rs. 25,000 or more, or of any **family** income of Rs. 50,000 or more, per annum should be levied.

3. Any succession to such land by the death of the previous owner, under will, trust or intestacy, must be liable to a tax of not less than 50% of the capital value of such land, so that, at most in two generations, private property in land may be automatically ended.

4. No succession or inheritance should be allowed after the second generation from the present holder. Ownership of land or other forms of Natural Wealth by Joint Families must be abolished and prohibited.

Joint Stock Corporations, seeking profit for shareholder, must, likewise, be forbidden in this field after the prescribed period of transition.

5. During the transition period all other transfers or alienation of land, by sale, mortgage, lease, or any agreement of sub-infeudation, must be charged a heavy duty by way of Registration Fee, progressing sharply with each increase in the capital value of the land sought to be thus transferred, or on which tax or dues are sought to be evaded. No land of a value exceeding Rs. 1,00,00 should be allowed to be transferred to private individuals or profit-making Corporations, during the Transition period, after which there would be no need of such transfers, nor any recognition of them.

6. Any demand for Rent, Land Tax, or Revenue, made during the Transition period against any cultivator having a

produce from land above the irreducible minimum necessary for a standard scale of living, may be paid in kind. No payments in kind must, however, be allowed in respect of an Income Tax charged upon Zamindars, Taluqdars and other such parasitical elements claiming proprietary rights in connection with such land, nor in regard to Succession Duties, nor as regards Registration Fees payable on the transfer of land by sale, mortgage, lease or any other form of alienation of such land to private individuals or profit-making companies. All such dues, levies or taxes should be made payable in the ordinary currency of the country.

7. Assessment of all small holdings of land, below the standard minimum, for the purpose of calculating rent charge, land tax, or revenue demand, must be on the basis of payment in kind. Facilities may be permitted, at the discretion of the Provincial or Local authorities, to commute such dues into cash at any given time. Assessment thus made must be fixed for a given number of years, not exceeding ten. During the term of such Settlement of Land Rent, Tax, or Revenue, the State, as represented by the Provincial Government, should not be debarred from levying an additional charge in the event of any Unearned Increment accruing in respect of any land, due entirely to the efforts of the community collectively to improve the lot of the Agriculturist.

8. Valuation of the produce of land, with special reference to the assessment of such land to Rent charge, or Land Tax, or state revenue demand, shall be made with due regard to the level of wholesale prices for the preceding ten years of the principal commodities produced by such lands, and after making appropriate allowance for such permanent changes in national policy as concern the standard of value, the cost of living, the development of industries, or the course of the country's foreign trade.

9. In any case of a default in payment of any Rent charge, Land Tax, or Revenue demand, by any cultivator, deriving normally an income from such cultivation not more than double the standard minimum declared free from taxation, every consideration should be shown to such land-cultivator in the process of recovery.

10. During the transition, at any time of well marked agricultural distress, due to famine, epidemic, or a general decline in prices of agricultural commodities more than 25% below the level prevailing at the time the settlement of such Land Tax, Rentcharge, or Revenue demand was made, suspension of the revenue demand, must be granted on easy terms. Complete remission of any such demand must be granted if the

distress due to any of these causes continues for two years in succession or more.

11. No claim for interest &c., should be allowed against any cultivator holding land, the produce whereof is not greater than the standard minimum declared free from taxation.

III. Agriculturists' Debts

1. All unproductive debts of cultivators are immoral. It is all but impossible to distinguish between productive and unproductive debts owed by this class, and so must be treated alike. They must, accordingly, be summarily liquidated. All debts of more than Ten years' standing at the time the necessary legislation is passed, and on which interest has been regularly paid, should be declared as having been fully discharged, and be deemed null and void in the future.

2. As a preliminary to this process, all debts owed by this class must be registered compulsorily. No debt against a tenant or cultivator should be allowed to be enforced by law, unless it is registered before a Provincial or District or Village Debt Registration Council. Debt Registration Councils must be established under each appropriate Agricultural Council in a Province, Taluqua, or District. No evidence of indebtedness must be permitted one year after the enactment of Debts Registration Legislation, except such as may be furnished by the records of such Debt Registration Councils. During the period that the process of registration continues, a general moratorium should be declared and enforced. Full particulars must be entered in the Register regarding the amount borrowed, rate and amount of interest paid, the term of the debt, if any, and any other terms and conditions of the debt that may bear upon the transaction.

3. No debt against any Agriculturist-Cultivator shall be registered by any Debt Registration Council, if it is of more than ten years standing at the time when such registration is sought. If no interest has been paid on it at any time, it will be recognised and registrable.

4. No debt against an Agriculturist-Cultivator should be registered, if it carried an interest higher than 6% per annum, simple interest. Before Registration, the Debt Registration Council must satisfy itself that the Debt is genuine, and Interest has, in the past 10 years, been exacted, directly or indirectly, in cash or kind, from the debtor at not more than 6%. Registration must be refused if the debt cannot be shown to be productive, or interest paid at a rate higher than 6% or for a period longer than twelve years.

5. Since private property in agricultural land is to be abolished within a given period altogether, no Agriculturist Cultivator should be allowed to incur for himself any new debt. All existing registered agricultural debts should be treated as being debts on the land, and not on the holder thereof for the time being. With the approval of the Debt Registration Council, new debt upto a predetermined maximum amount may be contracted in respect of any land specially allowed to be thus encumbered, on the collective credit of the agricultural association of which a given unit may be part of the holding belonging to such an association.

6. All debts should be regarded as liquidated and destroyed by the death of the cultivator responsible at the time of that Registration. No debts shall be allowed to pass to the heir or successor on land of the indebted cultivator.

7. All existing debts of Agriculturist-Cultivators must be liquidated by or with the help of the Reserve Bank, within a period of not more than 20 years. The Bank may, for this purpose, be permitted to create the necessary additional currency on the security of such land which is to be freed from the burden of Debt.

8. Registration must apply to debts and debtors, as well as to money lenders. Debt Registration Councils must be authorised to keep a rigid watch over the activities of Private Money Lenders in rural areas. No individual should be allowed to do money-lending business, unless he is registered before a Debt Registration Council. All books of account and record of every Registered Money-lender must be open to inspection at any time by Inspectors appointed by the Debt Registration Councils, or by the Reserve Bank. Any attempt discovered from such records, or proved on other satisfactory evidence, at evasion of this legislation by a registered money-lender should be made a criminal offence punishable by fine, or imprisonment upto 2 years, or both, and forfeiture of the privilege of money-lending.

9. All incomes of Agriculturist Money-Lenders on account of interest in respect of loans to agriculturists, cultivators, should be liable to a special Income Tax, without benefit of exemption for any part of such income from taxation, at a rate double that of the normal rate on the corresponding incomes derived from other occupations.

10. Co-operative Credit Societies of Agriculturists for the reduction, avoidance or liquidation of agrarian indebtedness, or Land Banks for a like purpose, may be allowed to be orga-

nised by the agriculturists themselves in each Village, Taluqua, District or Province; and may be co-ordinated under the Reserve Bank. These institutions must in no way function so as merely to replace the existing money-lenders as claimants against the Agriculturist-Cultivators. They must direct their activities so as to bring about a substantial and progressive reduction of Agricultural Indebtedness in order completely to liquidate it within a given period of time, not exceeding twenty years; and to help investment of fresh capital in agricultural land exclusively for productive purposes. Each lending society should carefully watch over such investment and its results.

IV. Cultivation of Land

1. Cultivation of land should be organised progressively as a collective or co-operative enterprise. No cultivation of agricultural land should be permitted, except in accordance with the planned programme of cultivation with reference to each Province, District, Taluqua, or Village, ordered from time to time by the appropriate authority in each such case. Individualist, improvident, uneconomic, fragmentary, or unprogressive cultivation must be put an end to in this way within a limited period.

2. For the proper, scientific and co-ordinated cultivation of agricultural land, as well as for the control and supervision over such cultivation, a net work of National, Provincial, District, Taluqua and Village Agricultural Councils must be established. These Councils must be closely inter-connected, so as to form a federation, and work in constant harmony and co-ordinated programme of land cultivation or development, within its own jurisdiction, framed in advance for a given term of years. The programme thus prepared must be consolidated in a collective programme applied to the whole country. This must be open to revision, if need be, according to any change in circumstances or basic conditions affecting cultivation.

The Councils must be empowered to supervise and control cultivation, irrigation, manuring, harvesting, storing and marketing of crops raised on the land. They must be constituted on a democratic basis, with the representatives of primary units, in each ascending stage of the hierarchy of such Councils, so that the National Council of Agriculture at the top is a really representative and federal body of experienced agriculturists, with proper foresight and vision for a National Planned Economy.

3. Agricultural Planning for India collectively must aim at National Self-Sufficiency in regard both to food crops and industrial raw materials, to be attained in not more than a decade. Land must be distributed among individual cultivators in each primary unit, with due regard to the requirements of the Planned programme in respect of crops to be raised in each such unit, as also in accordance with the knowledge, experience and general ability of each such cultivator. Such distribution may be revised at any time; and the crop expected from each given piece of land may be varied at any time, with due regard to the chemical and physical properties of each such piece. Such individual cultivators must be organised into a universal co-operative association for each village, or such other primary regional unit as may be prescribed in the plan.

4. Mechanisation of Agriculture; Scientific aids to cultivation with a view to improve the quality and quantity of the crops raised; and adequate preservation and reinforcement of the productive capacity of the land, should be regarded as the principal aims in Agricultural Planning for Crops.

5. The cultivation plan for each unit as part of the National Plan should pay due regard to the proper adjustment between food-crops and crops consisting of industrial raw materials. Fruits, fibres, drugs, food and fodder crops should be cultivated, with proper attention to the food needs of the community, as also to the policy of rapid and intensive industrialisation of the country.

6. All aids to intensive cultivation, including manure, mechanisation, consolidated holdings, &c., with a view to increase the unit yield of crops, should be supplied by the Agricultural Council concerned with a given unit, and through the help of the Reserve Bank, Land Bank, or Agricultural Co-operative Society connected with the unit.

7. All produce raised during any given period, year or season, must be distributed or marketed through the Village, Taluqua, District or Provincial Agricultural Council. The proceeds should be distributed among the cultivators by the same authority, after meeting such additional charges upon Agriculture as may be levied by the Village, Taluqua, District, Provincial, or National Governing Authority, for purposes of common or local benefit, by way of agricultural insurance; and for such other objects as may be resolved upon for the improvement of the standard of life among the people.

8. Every adult citizen in a village must be entitled to have access, for purposes of cultivation, to cultivable land

within or belonging to the village, unless he is provided with alternative work on equal conditions. Cultivable waste belonging to the village may be included in the parcelling out of the total land for purposes of cultivation.

All cultivation should, ordinarily, be in common, and according to the general Plan affecting each unit. Exception may be made by the Agricultural Council concerned for specific reasons in favour of particular individuals or families, in consideration of their special aptitude for given types of agricultural work.

9. Wherever land belonging to each unit is found to be insufficient to offer full employment for every able-bodied adult citizen within the unit, the Agricultural Council concerned should develop local industries or handicrafts, and services incidental to or required for the progressive improvement of rural economy, so as to provide reasonable employment for that portion of its population unable to find employment directly in cultivation of land. For this purpose, primary as well as higher units' Councils must collaborate, and must plan for the full employment of the available human material on the minimum scale of a district. The absolutely unemployable portion of the rural population in agriculture must be transferred to local or national Industries, in accordance with Plan prepared for the purpose by the joint sessions of the National Agricultural and the National Industries Councils from time to time.

10. Services incidental to the fullness and richness of human life in the village should be simultaneously developed by the Councils responsible for the general welfare and agricultural prosperity of the unit in their charge.

V. Famine Relief and Irrigation

1. Agriculturists all over the country must be insured and guaranteed against all the usual contingencies of agricultural life, including agricultural pests, vagaries of rainfall, etc., on a national basis. Crops, cattle, machinery, and maintenance of the Agriculturist families must be insured on a national basis, and be treated as a national contingency, against which provision should be made as for a recurrent national liability, including famine as well as flood.

2. Agricultural Insurance, in normal times as well as in famine, must be provided on the same basic lines on which insurance of industrial risks and social security are provided in Industrial countries. Beneficiaries must contribute on an actuarial basis, after a scientific consideration of the nature

and frequency of the risks. The State collectively, on behalf of the people as a whole, must contribute in the same way as it contributes from general taxation to purposes of Social Security in the West.

3. Receipts of benefits from the National Agricultural Insurance Fund must in no case be allowed to be regarded as charity. They are the rightful dues in times of contingencies to which the recipients have themselves contributed their proper share in normal times.

4. The National Agriculturists' Insurance Fund should be entrusted for general management to a special statutory authority, like the Railway authority under the new Constitution. The Fund, and the annual contributions to it, must be placed and kept beyond the raids by impecunious Finance Ministers, whether Federal or Provincial. A fundamental, organic law as part of the National Land Law, should carefully define the purpose and administration of the Fund. Its actual administration should be conducted through the local Agricultural Councils, under the direction, supervision, and control of the Statutory Authority.

5. All protective measures against the usual contingencies of agricultural life, like Famine,—such as Irrigation Works, or adequate transport facilities,—should also be provided by the Local Agricultural Councils, wherever they are needed, out of funds placed at their disposal for the purpose by the Statutory Authority, on such terms and conditions as may have been generally prescribed by the organic law on the subject.

6. Irrigation Works, based upon large river systems affecting one or more provinces, should only be constructed by the National authority. Larger Tanks and Wells may, likewise, be constructed only by the Provincial, District, or Village authorities, according to the size of the work, and the magnitude of the service estimated to be rendered by such projects.

7. Irrigation dues, charged during the Transition period,—whether Provincial, District, Taluqa or Village,—should be revised, with a view to their progressive reduction in general, and their total elimination on all lands which are cultivated by Agriculturists below a standard minimum of agricultural holding. These rates must be so framed as to liquidate the capital charge in not more than twenty years. Works on which all Capital outlay may be calculated as having been paid off should be made to serve the community at rates just

enough to meet their maintenance cost, including repair, and general management or supervision.

8. In times of actual Famine, the National Agriculturists' Insurance Fund should be utilised to provide food, etc., out of work for the unemployed agriculturists at standard wages sufficient to assure to the workers their customary standard of life in normal times, and also to provide such further aid by way of seed, etc., as they may need to resume operations in the next favourable season.

9. Provision by way of Famine Relief should also include protection for cattle, machinery or implements, seeds, manure, watersupply, and other such indispensable aids to agriculture. Provision for the safety and protection of the cattle and crops etc., in ordinary times, must form a first charge on the profits of agriculture, or surplus remaining after the agriculturist has been provided with the standard scale of living.

10. A comprehensive system of Insurance for the most important National Industry in India cannot be accomplished without the aid of the Reserve Bank. The latter must, accordingly, be required, by law specially passed for the purpose, to grant its aid in financing Famine Relief projects in times of distress; protective works, and in advising the authority entrusted with the management of the National Famine Insurance Fund.

VI. Labour Supply in Agriculture

1. There must be a conscription of labour for productive occupation, including all incidental and necessary services, whether cultural or utilitarian. All able-bodied citizens over the age of 18, and under 60, should be available for productive work. A complete census of the adult population must be made in every village, Taluqua, District, or Province every 5 years. A full programme of all available or necessary productive work must likewise be prepared by the same authority; together with the estimate of labour supply needed for such work in each unit, as also in each province, or the country collectively.

2. Subject to the country's collective Plan being not jeopardised, every worker should be allowed to choose the task most congenial to himself. Tasks should generally be assigned in accordance with the qualifications, or attainments, or physical and mental capacity.

3. Any one who, without some intelligible reason of bodily or mental incapacity or infirmity, refuses to work in any occupation open to him, must be disqualified from sharing

in the aggregate of the national output of material wealth and services.

4. Provision should be made for all incapacitated by age or infirmity from working in any productive employment out of the National Insurance Fund. Temporary disability due to illness, accident, or the toils of maternity should be similarly provided for.

5. An Employment Bureau must be established for each convenient unit to co-ordinate work in every department of the life of the unit, and to distribute it among the able-bodied citizens or residents available in the unit. The Bureau must primarily assign work in accordance with the mental or physical capacity of the citizen or resident concerned, subject always to the imperative requirements of a Planned National Economy.

6. With a proper, scientific adjustment of the labour supply between Industry, Agriculture and the incidental services of transport, commerce, management, as also the provision of social and civil amenities or comforts of life, and all cultural services, the chances of an unemployable surplus of population must diminish.

7. A reasonable proportion of able-bodied adult population will have to be assigned to the National Services of Education, Public Health, Defence, and Administration in general. There must be regular and systematic exchange of public servants from the National Service departments to the national productive work. Any unavoidable surplus must be absorbed in working out suitable interprovincial schemes of migration, or in interchanging work between Industry, Agriculture, and their ancillary occupations.

8. Hours and seasons of work, and all other terms and conditions of such work, should be so adjusted as to leave the least chance for an unemployed and unemployable surplus, or for any one having to live below the guaranteed minimum standard of living.

9. In the event of there really being a surplus of population, which cannot possibly be absorbed without affecting the standard of living of the community collectively, negotiations for international migration must be opened, in consideration, if need be, of specially advantageous trade terms to those countries or communities, which, being sparsely populated themselves, and having yet unexploited natural resources of their own, consent to absorb a proportion of our surplus population for productive employment in their own territory on an assured basis of a reasonable standard of life.

10. Measures like birth control, in so far as they concern the nation collectively, have an aspect other than that of providing employment for a given number of people. But being interconnected, these must also be considered simultaneously as part solution of India's aggregate economic problem.

VII. Problem of Waste Land

1. Cultivable waste must be regarded as the property of the community, and for the benefit of the society as a whole.

2. To bring waste land into cultivation, all cultivation of waste land should be on the basis at least of a co-operative society, if not of a collective. Individual holdings out of these lands should be prohibited by law.

3. Such collective or co-operative societies may be formed of those who live in the neighbourhood of the waste land. If the waste land is to be brought under the plough by fresh settlers, they should be all joined into a co-operative association, holding the land only for purposes of cultivation and cultivating it for common benefits.

4. The Co-operative Society would be collectively the holder of such land given to it in lease by Government on behalf of the community for a given number of years not exceeding 50.

5. Inasmuch as cultivating such land would, in the first instance, be an arduous process, hardly able to yield enough to maintain the individuals settled upon it, the Lease and regulations of the Society must provide that for the first five years no charge would be made upon the settlers on any account.

6. After the expiry of the first five years to the end of the next five years, no charge should be made on account of rent or revenue from such lands, but a charge equal to meeting the bare interest on the capital invested for rendering the services and developing the land should be levied.

7. After the expiry of ten years, the land should be chargeable with such demands from the community, in addition to the demands for interest and sinking funds, as would permit of adequate provision being made against famine, cattle-pests, insect pests, floods and other contingencies of the normal agricultural life.

8. After the expiry of the first twenty years from settlement, the produce from the land should be capable not only to maintain:

- (a) the population settled on it in a reasonable standard of comfort, but also
- (b) to provide such surplus as would be required for obtaining in exchange of other commodities required for its population;
- (c) such raw-materials of industry which may be connected with agriculture or dependent upon it, or appropriate for such population to develop;
- (d) maintenance of the services by way of public health, education, amusement, etc., as also such additional provision for the social security as may be provided for
- (e) such additional charge on account of interest or sinking fund as may be necessary for the liquidation of the capital;
- (f) such additional charge for the benefit of the community collectively as may be deemed appropriate and possible to be borne without any injury to the standard of living upon the soil.

9. Land held by co-operative societies under this scheme must not be open to be sold, mortgaged, leased, or otherwise disposed of by the Co-operative Society to any individual, body or corporation. In case of proved inability of any such society, such land should revert to the community to be disposed of.

10. After the period of the first 50 years from settlement,—that is to say after two generations have had the cultivation and use of such land,—it may be possible to relax these regulations, so, however, that no private property can be introduced in these lands, nor rights of alienation by sale, inheritance, or mortgage permitted to individuals upon this land.

11. Such land should be cultivated in units deemed to be economic with due regard to the possibility of yield from such land so as to maintain the population settled upon it.

12. All these lands must be administered by means of representative Local, Regional, District, Provincial and Federal Councils of Agriculture.

Note of dissent of Prof. Radhakamal Mukherjee to the Interim Report of the Sub-Committee on 'Land policy.'

I do not agree with the view expressed in the Report regarding the collective ownership of land and abolition of succession and inheritance. I maintain on the other hand that the protection of individual heritable peasant ownership should form the goal of Land Policy in India. National or collective ownership of land is, in my view, incompatible with the heavy population pressure of the country, and cannot produce medium agricultural yields under the peculiar conditions of Indian farming, which exclude the use of large scale machinery adopted in Russia. The magic of property in peasant proprietorship and incentive of labour in joint family agricultural enterprise, which is also sought to be abolished and prohibited in the Report, are not merely indispensable social assets, conducive to social peace and mitigation of class antagonisms; but are also valuable economic assets in so far as those elicit strenuous family toil and collaboration in small holdings.

With this fundamental difference and outlook I am in disagreement with the policy and implications of chapter I (Ownership in Land) chapter II (Land Revenue) and chapter IV (Cultivation of Land).

I am convinced that the future land policy should lie in the directions of the protection of hereditary proprietorship and tenancy, drastic restriction of sub-letting of economic holdings, fair and stable rents, prevention of transfer and rehabilitation of credit. Those have been dealt with in the two memoranda submitted by me to the Committee on: (1) Co-ordination of Land Policy in the different Provinces, (2) Rent, Revenue and the uneconomic Holdings.

Regarding chapter III, Agriculturists' debts, the Report envisages the abolition of debts of individual holders on the hypothesis of the abolition of private property. Believing as I do in the necessity of peasant farming rather than in collectivised farming, I would naturally suggest rehabilitation of credit on fundamentally different lines.

26th April, 1940.

Sd. Radha Kamal Mukherjee

APPENDIX I

The Problem of the Waste Land

By

Prof. K. T. Shah

I. The problem of the waste land is a serious question of national economy, that must be tackled if the National Economy of the country is to be properly organised. By waste land, in this connection, we mean, land, which is suited for cultivation, but is still not cultivated for a variety of reasons, some of them being mentioned below. As things stand to-day, India is a deficit country, in the sense that she habitually lives below the minimum standard of living, and consequently may be said to have insufficiency of food resources of her own.

There is, no doubt, considerable export of food materials. But that does not represent that the food materials raised in the country are sufficient for the needs of the country on a reasonable basis.

Waste Land, therefore, if properly brought under cultivation, and made to yield additional crops, is the most important single source of adding new wealth to the country's available wealth,—a problem, which must be tackled by any system of Planned Economy if it is to be worth the name.

The following statistics would indicate the margin of Waste Land in a proportion to the total land available in the country. Including cultivated land lying fallow in any year, it amounts to nearly a third of the total land area of the country.

Statistics for the Year 1936-37

		Percentage
Total Area (in acres)	679,482,374	
Area under Forests (in acres)	89,173,071	13.10%
Area not available for cultivation	155,004,196	24.30
Cultivable waste other than fallow	154,301,631	24.10
Fallow Land	48,638,377	7.02
Net area sown with crops	231,884,600	34.10
Area irrigated	51,636,212	7.60

Waste Land by the Provinces for 1936-37

Name of Province	Area according to survey	Culturable waste other than fallow	Percentage
Madras ..	80,104,239	10,792,613	13.4
Bombay ..	48,721,608	877,950	1.8
Sind ..	30,027,932	5,782,391	19.0
Bengal ..	52,732,356	5,949,866	11.3
U. P. ..	72,510,152	10,037,803	13.9
Punjab ..	64,388,480	14,120,422	21.6
Burma ..	167,517,971	62,071,697	—
Bihar ..	44,324,194	5,133,501	11.6
Orissa ..	20,594,776	3,613,873	17.5
C. P. & Berar	63,004,800	13,985,674	22.2
Assam ..	43,375,360	18,756,295	43.2
N.W.F.P. ..	8,578,366	2,811,357	31.1
Ajmer-Merwara ..	1,770,921	293,825	16.6
Coorg ..	1,019,520	11,690	1.1
Delhi ..	368,931	62,674	16.9

Of the area thus shown above that sown with the principal food and other crops is given below by the same authority:—

Total food grains	204,035,921 acres
Area under other food crops (including fruits, vegetables, spices etc.)	8,181,257 "
Area under sugar	4,471,369 "
" " coffee	97,827 "
" " Tea	793,503 "
" " Oilseeds	2,342,204 "
(Linseed)	
" " Seasamum	3,728,840 "
(til or jinjili)	
" " Rape & Mustard	3,318,490 "
" " Groundnut	5,516,881 "
" " Coconut	664,527 "
" " Castor	416,941 "
" " Other Oilseeds	1,806,344 "

Decennial statistical Abstract 1927-28 to 1936-37

The yield of the principal crops are shown below:—

Rice (cleaned)	..	..	32,438,000	tons
Wheat	..	..	9,752,000	„
Tea	..	..	395,180,500	lbs.
Cotton	..	..	7,348,000	400 lbs. bales.
Jute	..	..	9,611,000	„
Linseed	..	..	420,000	tons
Rape and Mustard	..	..	964,000	„
Sesamum (til or jinjili)	..	..	480,000	„
Groundnut (nuts in shell)	..	..	2,858,000	„
Castor Seed	..	..	128,000	„
Indigo	..	..	7,200	Cwt.
Raw Sugar (Gur)	..	..	6,498,000	tons
Coffee	..	..	34,008,000	lbs.
Rubber	..	..	60,127,000	lbs.

II. The reasons why these areas have remained waste, and uncultivated, even though suitable for cultivation, may be grouped under three main categories:

- A. Consisting of those connected with the land itself;
- B. Those connected with public policy; and
- C. Those connected with the services incidental to the utilisation of such natural sources of wealth.

Under A, may be mentioned—

- (a) The relatively poorer quality, perhaps, of such land, and, therefore, the lower yield of such land or the greater cost of cultivation per unit of yield.
- (b) the physical situation of the land, away from adequate water supply, or proper marketing and transport facilities, which render cultivation of these lands more difficult, and, therefore, the profits much more slender.
- (c) the nature of the land, also, connected with the soil and the physical or geographical condition of the land infested with poisonous weeds, or malarious atmosphere which make the land unattractive for cultivation.

These three sets of factors may also have subsidiary reasons of the same kind, and may be capable of being remedied by the same agency in the same manner.

(B) The second group of factors which count for such land remaining uncultivated are concerned with—

- (a) the peculiar land revenue policy in most of the provinces, which constitutes a disproportionate burden, and may, therefore, render this land unattractive for cultivation.
- (b) the basis of land revenue demand being a cash payment, irrespective of the character of the season, and also irrespective of the amount of yield, renders any investment of labour and capital on such land a matter of serious consideration by the peasant, since no yield is available, and he would not get yield sufficient in proportion to reimburse him for the outlay he incurs.

- (c) not all the land now remaining uncultivated was always so, but has come to swell the mass of uncultivated land because of the burden of land revenue, the original owners having deserted in times of scarcity, such land, not so much because of the scarcity, as because of the burden of the land revenue or rent demand during such seasons of scarcity.

Of a cognate kind in the same group may, also, be mentioned the ravages of Famine, which, coupled with the demand for Land Revenue in cash, make the land unattractive during times of scarcity; and people will not return, even after the famine, to lands, which have been liable to be visited by Famine more often than other lands similarly situated.

- (C) 1. The natural disinclination of the people of this country, bound with the usual family and sentimental ties to the particular region in which they are situated, and to the locality, may also be an explanation why they do not go out to take up new land away from their original homesteads.
2. The law of equal division of landed property amongst the male heirs of a tenant, or holder of a given piece of land, very often results in such fragmentation of agricultural land, as to render the land wholly uneconomic in cultivation. The scattered fragments which each individual owner or tenant thus comes to own become unremunerative from the point of view of cultivation. Nevertheless, they would continue to till **this** land, rather than take up new lands, simply because of the innate conservatism and consequent unwillingness to leave paternal homesteads, and embark upon new experiments in distant places.
3. In the third group of explanation may also be included the absence of adequate marketing and transport facilities, which make such land unattractive for cultivation. The lay out of the principal lines of communication and transport within the country, ever since the advent of the Railways, has been such that necessarily large tracts have been made difficult for cultivation because of this alignment of the rail-roads. The rail-roads were originally planned and laid down as much for political reasons understandable of a foreign domination, as for

economic considerations for the development of the country. The lands, therefore, situated at un-economic distances from the main lines of transport necessarily fell out of use, being deemed uneconomic for cultivation.

Since the advent of the automobile, this factor may be said gradually to have diminished in importance, though it has raised a new problem for the Railways. But, joined to the absence of adequate and proper marketing facilities at convenient centres, it is impossible to make these lands profitable in a competitive society.

4. The absence of adequate capital needed to remedy many of the handicaps which have to be overcome if these lands are to be brought into cultivation, must also count for a great deal of the culturable waste. Capital would be needed, as we will more fully show below, in a variety of ways; some portion for permanent and some for temporary investment.

The heavy load of Indebtedness, which ordinarily crushes the peasant or cultivator, makes it impossible for him to get credit sufficient to raise the capital needed for such additional enterprise. This must, therefore, be amongst the most important reasons which explain the mass of land remaining uncultivated, which is, however, suitable for cultivation.

5. The physical characteristics of the land are also to be accountable for the unwillingness of the people to take under cultivation such lands, however productive they may be. Land infested with wild animals or poisonous weeds, or by germs of disease like Malaria more dreaded than snakes or tigers, must likewise be unattractive for cultivation.

III. If such land is to be brought into cultivation, it is imperative that the absolute minimum of requirements are provided. The principal requirements for bringing under cultivation such lands may be grouped as—

- (a) adequate provision of Labour of men and cattle;
- (b) adequate provision of capital for buildings, tools, implements, which the cultivator may have to supply, and also for public services like transport, water supply, etc., which the State will have to supply;
- (c) essential social services such as reclamation from forests, or wild beasts or dangerous diseases like Malaria or insalubrious conditions, social and cultural advantages which would be more and more in demand as civilisation progresses.

The problem, therefore, consists in how to supply these requirements in order to make the land capable of being brought under cultivation. The following suggestions are put forward with a view to achieve this objective:—

IV. Ways and Means of Taking Waste Land into Cultivation

In accordance with the reasons given above, explaining why such land remains uncultivated, we have to provide the necessary ways and means to make up the deficiencies, so as to allow such land being taken into cultivation.

The most important consideration is relating to the personal element. All land is, no doubt, in the theory of the law public property, belonging, in the ultimate analysis, to the community collectively. Waste land particularly, which has been lying without cultivation, and without any owner for a number of years, must be particularly so considered, and be disposed of as Government, representing the people collectively, should think proper.

In order to bring it into cultivation, and for that purpose to attract to it the necessary labour and capital, it may be entrusted, for purposes of cultivation, and for a limited period, to some appropriate local organisations, or individuals working together on a co-operative or collectivist basis.

If the other lands actually in cultivation in the same neighbourhood are also similarly organised on a co-operative basis, that is to say, without sacrificing the element of individual property, but at the same time, permitting combination of all landholders tenants or cultivators in a given locality, so as to provide the tools, and implements of cultivation, personal labour, the cattle for farming, and the capital needed,—the co-operative or collectivist farming of these waste lands will not at all be difficult. Even if the property rights and vested rights in the neighbouring lands do not admit, all at once, of such reorganisation on a co-operative or collectivist basis, there ought to be no difficulty for organising and cultivating these waste lands as public domain on a close co-operative, if not collectivist, basis. For in theory, these lands are **Public** property, and, therefore, there are no vested rights of private property to be compensated there.

The entire local organisation of such land will have to be modelled so as for the cultivators to own in common the results of such cultivation. The share of each cultivator in the distribution of the produce would be determined according to labour or capital, including tools, and implements, provided by him; and in production, the extent of land to be

tilled, and all farming operations carried on, would be parcelled out according to the advice of the village or local council of such land.

If such waste land is situated in the neighbourhood of such villages in very small parcels, adjoining existing ownership or tenancy fields, it may be advisable to offer such land, in the first instance, to the neighbouring tenants or landlords practically on the same terms on which they are offered to be worked in the manner outlined above. If they decline, such small bits may, nevertheless, have to be tilled, but their bringing under the plough may be postponed till after the other lands have been taken into cultivation and experience gained of their productive capacity.

Property rights in the settled land may be acknowledged for purposes of distributing the share, in accordance with the extent of land, cattle, tools, labour, implements, and other requisites of agricultural production supplied by each member of such an organisation. In the lands, brought under the plough for the first time, no property rights, whatsoever, should be allowed from the start; though usufructuary rights may be permitted under conditions outlined below.

Wherever such lands are more than a reasonable distance away from settled villages, it may be possible to use such land as direct public property, exploited by State agency cultivators from neighbouring areas, engaged specifically for the purpose, with full use of modern mechanical devices wherever feasible. The cultivators thus engaged will be treated as ordinary public servants, whose conditions of work and wages will have to be specifically laid down; and control or supervision over whom specifically provided.

V. Charges on Such Land to Recover Investment

The land may be handed over to such organisations or individuals for a period, in the first instance, of say 30 years. During the first 5 years, no charge should be made on the produce of such land by way of rent or revenue demand; nor should such charges be treated in any way as arrears to be paid off when the land begins to yield a surplus. The yield of the cultivated portion, if and when it results, should be distributed amongst the individuals on a pre-determined basis; that is to say, in accordance with the proportion of labour and material supplied by each such cultivator engaged in the cultivation of such land.

In the five years that follow, a limited demand may be made on the produce by way of rent or revenue, which should

be sufficient to pay capital expenses,—i.e. interest and sinking fund charges,—in regard to the public services provided by the State, such as, roads, transport facilities, lighting, drainage, water-supply, and the like. These utilities and services, provided on a general nation-wide scale, would cost much less per unit; and, therefore, the charge on this account would be much smaller, relatively speaking, than would be the case if they had to be constructed and provided on a specific or commercial basis, in each such unit.

After the first ten years, the charge by way of rent or revenue may be raised, if the produce justify such an increase, so as to meet, not only the costs abovenamed, but also to include a provision by way of insurance against famine, or as regards crops and cattle, as well as to pay a share of the costs of public services and general administration, which may fairly be debited to their account. Thus, within a period of 30 years, the reclaimed land brought under cultivations in this manner should be so worked and taxed as to allow a fair share of the cost of running of public services, including general administration and the maintenance of Law and Order, as also the maintenance of the family settled upon such land to be met out of the produce of such land.

The figures of waste land given above are by Provinces. But it must not be assumed that there are large blocks situated in each Province in close contiguity in every district. They are scattered all over, and vary in extent from district to district. They present much greater difficulties in reclamation and rehabilitation for cultivation, than would be the case if they were situated in close contiguity.

Speaking generally, however, we may assume that the total cost of reclamation of such lands to the State as well as the cultivator providing the labour may work out at Rs. 50 per acre. This means that for nearly 15.5 crores of acres, such reclamation and rehabilitation cost would aggregate 750 crores.

The State's share of this capital cost, including roads, water-supply, transport facilities, and the ordinary services of lighting, drainage and education, may be put down as about 150 crores. At 3% the annual burden may be about 5 crores, to be recovered from such land beginning with the 6th year, and ending by the end of the thirteenth at least.

Graduated Programme

This programme would have to be spread over ten years at least. That means an annual capital outlay by the State of about 10-12 crores for the land development in the country

as a whole, spread over the different provinces. The share of each province, perhaps, for such land reclamation may, accordingly, not exceed a crore of rupees on an average, though it would be much greater in some provinces, and much less in others.

While the capital needed for this purpose of providing all services, amenities and utilities,—to be provided by the State, or the Provincial Governments,—could be raised on the security of such land by public subscription, and while the cost of such capital loans could be amply made up by the graduated charges mentioned above, the amount to be supplied by individual enterprise in the form of cattle, tools, implements, seeds, and the working capital represented by the wages to be paid or the cost of living for the maintenance of the family, would constitute a serious problem, as it would aggregate 600 crores. But much of this capital or investment would be in the form of personal service, required for working up this land. And tools, cattle, implements, etc., may also be provided by the cultivators themselves, so that the capital cost on this head would be nominal only. During the first period of 5 years, the whole of such cost, in a period of unremunerative toil, may amount to about 50 crores; and this may well be assumed to be recoverable from the land in the last 2 years of the period, or in the last 5 years of the first decade.

VI. Size of Holding and Conditions of Cultivation

The average size of the holding in these areas, suitable for cultivation for one family properly equipped (e.g. with all tools needed and one pair of bullocks and one cow at least) may be fixed at 25 acres. It must, of course, be stipulated that the whole of this land, wherever situated, **should be cultivated as an integral unit**, and should not admit of any parcelling out, whether by inheritance, sale, or other ways. This land must belong directly to the State, in ownership as well as working. The rights of the cultivators are limited to those of cultivating and taking the produce from such land on a given basis, without any rights of mortgage, sale, or otherwise disposing of by will or inheritance any part of such land, or its produce.

No debts can be incurred on the security of such land, or its produce; and all capital needs of the cultivators must be provided for from the common purse, at common cost.

Assuming that every year in each Province on an average, about 1/10th of the waste land is thus taken into cultivation; and assuming, further, that the unit size is not less than 25

acres for each family, the lands in question would require 65 lakhs families of cultivators or about 3 crores of population who may at least, for five years thereafter, be assured of a reasonable living return from such land. Each such family must be required to execute an agreement to work the land for at least thirty years; and if any family, or any part thereof, goes out of action by death or otherwise before the expiry of the period, another family from the same neighbourhood may be given that land for the balance of the period, on the terms and conditions which would have accrued to the family retired from cultivation on any approved reason.

After the period, when the lands are beginning to yield in full value on a par with the rest of the cultivated land in the same neighbourhood, these may be charged with a further demand for common purposes. The surplus, after meeting the maintenance cost of the families settled on such reclaimed lands, may be wholly appropriated for common purposes by the State, or its representatives the Provincial Governments, or the latter's delegate, the district or any other local authority, as the case may be.

It is difficult to estimate exactly the unit cost of capital provision in the shape of tools, implements, land machinery, cattle, and manure, which may be left to the individuals or families thus attracted for cultivation in these areas to provide. The aggregate capital cost is indicated above, so that unit holding may cost between 750 to 1,000 Rupees for reclamation, in respect of these equipments. As such, it may be capable of making a reasonable remunerative return, not only for the maintenance of the family, the cattle and tools, or machinery, but also for purposes of providing the surplus needed to remunerate the State for providing such services as are mentioned above, on a total period of 30 years.

Estimate of Yield

The yield of such land may be difficult to estimate in advance. But assuming this land to be definitely inferior in quality and so in yield by about a third, we find that the aggregate addition to the quantitative production from these sources may be two-thirds of the present agricultural produce of all sorts obtainable in the country, over a period of ten years, i.e. at least Rs. 800 crores per annum at prices now prevailing. In value it may be less or more according to as our method of price control succeeds, but there may be no question about the quantitative increase to the extent here

indicated. Whether the value is 800, or 600, or 1,000 crores, the amount should be sufficient to maintain the labour and capital provided on the land, as also pay for a cost of the services, including general administration provided by the State.

VII. Principles of Land Cultivation

After the programme of bringing Waste Land into cultivation has been brought into operation in all the States and Provinces, as per Plan, the following principles, and an appropriate organisation based on them for purposes of administration, should be given effect to, as a matter of general policy in regard to cultivation of land.

When all cultivable land is brought under the plough, no cultivation of agricultural land should be permitted, except in accordance with the planned programme of cultivation with reference to each Province, District, Taluqua, or Village, ordered from time to time by the appropriate authority in each such case. While the programme of bringing the Waste Land under cultivation is in process of accomplishment, cultivation of lands already under the plough must be made to conform to the Plan as much as possible.

For the proper, scientific, and co-ordinated cultivation of agricultural land, as well as for the control and supervision over such cultivation, a net work of National, Provincial, District, Taluqua and Village Agricultural Councils must be established. These Councils must be closely, hierarchically, inter-connected, and work in constant harmony and co-operation.

The Councils must prepare, each in its own jurisdiction, a comprehensive, co-ordinated, national programme of land cultivation or development in advance for a given term of years. Such a programme must be duly co-ordinated, so as to form an integral whole in every unit, as well as for the entire nation. It must be open to revision if need be, according to any change in circumstances or basic conditions, affecting cultivation.

The Councils must also be empowered to direct, supervise, and control all the operations of cultivation, irrigation, manuring, harvesting, storing, and marketing of crops raised on the land.

The Councils must be constituted on a democratic basis, with adequate representatives of primary units, in each ascending stage of the hierarchy, of such Councils, so that the National Council of Agriculture at the top is a really federal and re-

presentative body of experienced agriculturists, with a proper appreciation of the Planned Economy of the country, foresight and vision for a progressive community.*

Agricultural Planning for India collectively must aim at National self-sufficiency in regard both to food crops, and industrial raw materials. This self-sufficiency must be attained in not more than a decade. Land must accordingly be distributed among individual cultivators in each primary unit with due regard to the requirements in respects of crops suitable to be raised economically in each such unit, in conformity with the knowledge, experience, and general ability of each such cultivator, as also with that of the planned programme.

Such distribution may be revised at any time; and the crop expected from each given piece of land may be varied at any time, with due regard to the chemical and physical properties of each such piece.

The Cultivation Plan for each unit should pay due regard to the proper adjustment between food-crops, and crops consisting of industrial raw materials. Fruits, fibres, and drugs, should also be cultivated with proper attention to the food needs of the community, as also to the policy of rapid and intensive industrialisation of the country. In the case of Waste Lands, when reclaimed, it would be easier to arrange this part of the programme than in the case of lands already under cultivation.

All aids to intensive cultivation, with a view to increase the unit yield of crops, should be supplied by the Agricultural Council concerned with a given Unit, and through the help of the Reserve Bank, or Land Bank, or Agricultural Co-operative Society connected with the unit. Waste Land, when brought under the plough, would permit of such aids to farming much more easily, and they would need it, too, more closely, than the lands already tilled.

Mechanisation of agriculture, scientific aids to cultivation with a view to improve the quality and quantity of the crops raised,—here also the remark just made would apply fully,—and adequate preservation and reinforcement of the productive capacity of the land, should be regarded as the principal aims in agricultural Planning for Crops.

All produce, particularly from the Waste Land, raised during any given period, year, or season, must be marketed through the Provincial, District, Taluqua or Village Agricul-

* There is a certain amount of repetition in this part of the note of what is already given in the Report as those parts of the Report were based on this note.—Editor.

tural Council. The proceeds should be distributed among the cultivators by the same authority, after meeting such additional charges upon Agriculture as may be levied by the Village, Taluqua, District, Provincial, or National governing authority, for purposes of common or local benefit, by way of agricultural insurance; and for such other objects of national utility as may be resolved upon for the improvement of the standard of life among the people.

For the purpose of providing adequately for the needs and requirements of maintaining a comfortable standard of civilised life among the people directly engaged in working these sources of Natural wealth, a standard scale of provision for such needs and requirements must be prepared, under the authority of the people of India, by such agency in each Province, District, Taluqua, or Village as may be prescribed in the National Land Law on this subject.

The scale so prepared should be applied within the respective jurisdiction or sphere of authority of each such agency described above, to all lands, whether those brought into cultivation anew or those already being farmed for centuries. The scale thus fixed must be open to revision from time to time in accordance with the changing needs of a progressive community.

All forms and methods of alienating any Waste Land brought into cultivation by the process described above, or of giving any rights, of working or enjoying the produce of any such land, to any private individual, except in accordance with the principles mentioned above, must be utterly prohibited. No profiteering by any private individual or association must be allowed with respect to any such form of Natural Wealth. Individual profit-making from Natural Wealth should be declared an offence. All profit—or surplus value—must belong to the community collectively, to enable it to adjust properly all parts of the collective economy.

All land used for pasture or grazing must be nationalised; and be available for use freely and equally by all cultivators, subject to such regulations as may be passed by the appropriate Agricultural Council.

Every adult citizen in a village must be entitled to have access, for purposes of cultivation, to cultivable land within or belonging to the village, or to the local authority, unless he is provided with alternative work by the Planning Authority, on equal conditions. Cultivable waste belonging to or near by the village must be included in the parcelling out of the total land for purposes of cultivation by the Village

Council. All cultivation of waste lands brought into cultivation afresh should ordinarily be in common, and according to the general Plan effecting each unit. Exception may be made by the Agricultural Council concerned, for specific reasons, in favour of particular individuals, organised as a co-operative unit on the approved pattern, in consideration of their special attitude for given types of agricultural work.

In the event of land belonging to each unit being insufficient to offer full employment for every able-bodied adult citizen within the unit, the Agricultural Council concerned should develop local industries or handicrafts, and services incidental to or required for the progressive improvement of village economy. This would provide reasonable employment for that portion of its population which is unable to find employment directly in cultivation of land.

For this purpose, Primary Agricultural Councils as well as those of higher units must collaborate, to plan for the full employment of the available human material on the minimum scale of a district.

The absolutely unemployable portion of the rural population in agriculture must be transferred to local or national Industries, in accordance with the programme prepared for the purpose by the joint sessions of the National Agricultural and the National Industries Councils from time to time.

Services incidental to the fullness and richness of human life in the village should be simultaneously developed by the Councils responsible for the general welfare and agricultural prosperity of the unit in their charge.

During the Transition Period no Tax, Rent or Land Revenue demand should be made, in respect of any piece of land, which is so small, or the gross outturn of which is so slight, that the whole of it, if left to the cultivator for his own use, would not suffice to give him a decent human existence, according to a pre-determined standard. This would apply more particularly to the lands already under cultivation. Those brought under the plough for the first time would be under the system already outlined.

Assessment of all small holdings of land, below the standard minimum for the purpose of calculating rent charge, land tax, or revenue demand, must be on the basis of payment in kind. Facilities may be permitted, at the discretion of the Provincial or local authorities, to commute such dues into cash at any given time. Assessment thus made must be fixed for a given number of years, not exceeding ten. During the term of such Settlement of Land rent, tax, or revenue, the

State, as represented by the Provincial Government, should not be debarred from levying an additional charge in the event of any Unearned Increment accruing in respect of any land, due entirely to the efforts of the community collectively to improve the lot of the agriculturist.

VIII. Industries Connected With Agriculture

In Waste Lands, the problem of establishing important and suitable Rural Industries, or Industries connected with Agriculture,—whether on a large or small scale,—so as to offer alternative employment, or off-season work to the population attracted to these lands for their cultivation and development, would be relatively simple. All new Industries dependent on Agriculture, or connected with it, or offering alternative employment to such population, should, wherever possible, be started as Public Enterprise in such reclaimed areas.

Industries familiar to Agriculturists, or connected with Agriculture, e.g., Building, Tool-making, Dairying, Poultry, Flour-Milling, Bakery, Stock raising, Leather tanning and articles made out of leather, Canning &c., not to mention industries connected with slaughter houses, easily admit of mechanisation and large scale operation. A careful study must be made of all such available industries, and a comprehensive Plan prepared for their financing, equipment, establishment, and working. A corresponding, consequential redistribution of population from Agriculture to Industry must be effected, without needless interference with the habitat of the people concerned.

Industries, which do not admit of such Mechanisation and large-scale operation, such as artistic work, may remain in the stage of Cottage Industries proper.

In considering projects of Rural Industries, preference should be given to those the products of which have immediate demand in the local market.

In all Rural Industries, whether those truly regarded as Handicrafts, or those mechanised and worked on a large scale, the element of private profit must be progressively eliminated. All these Industries must be organised and operated increasingly on a basis of Collective or Co-operative Enterprise.

Cottage Industries Co-operatives, or Collectives, should be established in every village, Taluqua, District, or Province, under an organic law specifically passed for the purpose. These Associations should be controlled and co-ordinated, in all their activities by an appropriate Council, which should help to finance, equip and manage these establishments, market their

produce, obtain their raw material, and secure the necessary labour for working such industries.

IX. Agricultural Insurance (a) Famine

Agriculturists all over the country must be insured and guaranteed against all the usual contingencies of agricultural life, on a national basis.

The failure, irregularity, or unequal distribution of rains is the most important of such contingencies, which admits of a systematic provision by way of insurance.

Crops, cattle, machinery, and maintenance of the Agriculturist families need also to be insured on a national basis. All these must be treated as national contingencies, against which provision should be made as for a recurrent national liability, including famine as well as flood.

Agricultural Insurance, in normal times as well as in Famines, must be provided on a contributory tripartite basis, and on lines on which Insurance of industrial risks and social security is provided in Industrial countries. The three parties to the Insurance contribution are the agriculturist immediately concerned; the Village or District in which he is situated, or his land-lord for whom he cultivates, so long as landlordism lasts; and the nation collectively. Beneficiaries must contribute on an actuarial basis, after a scientific consideration of the nature and frequency of each kind of risks guarded against. The contribution may be on a composite basis. The state collectively, on behalf of the people as a whole, must contribute in the same way as it contributes from general taxation to purposes of Social Security in the West. The Village, the District or the landlord must similarly contribute his share.

Receipt of benefits from the National Agriculturists' Insurance Fund must in no case be regarded as charity. It is the rightful due in times of contingencies to which the recipients have themselves contributed their proper share in normal times; and must be on the same scale as any other Insurance benefit.

All these contributions thus collected,—in kind if necessary in cash if possible,—must be collected from the cultivator and the landlord, or the Village Authority concerned, into a common national fund by the Central Government of the country; and must be set wholly apart not to be touched except for such investment of the balances, or for realisation of funds needed for relief, as may be provided for by the specific law governing this matter.

The National Agriculturists' Insurance Fund should be entrusted, for general management, to a special Statutory Authority, like the Railway Authority under the new Constitution, independent of the Provincial or State Governments. The Fund, and the annual contributions to it, must be placed and kept beyond the raids of impecunious Finance Members whether Federal or Provincial. A fundamental, organic law, perhaps part of the National Land Law, should carefully define the purpose, use, and administration of the fund. The actual administration, particularly of relief, should be conducted through the Local Agricultural Councils, under the direction, supervision and control of the Statutory Authority; while the investment of balances, the collection of contributions, etc. should be left to the council of the fund.

Protective measures against the occurrence of Famine,—such as Irrigation Works, grain and food depots, grass supply, or adequate transport facilities,—should also be provided by the Local Agricultural Councils, wherever they are needed, out of funds placed at their disposal for the purpose by the Statutory Authority, on such terms and conditions as may have been generally prescribed by the organic law on this subject.

Irrigation works, based upon large river systems affecting one or more provinces, should only be constructed by the National Authority. Larger tanks and wells may, likewise, be constructed only by the Provincial, District or Village authorities, or the landlords, according to the size of the work, and the magnitude of the service estimated to be rendered by such projects.

Irrigation dues,—whether Provincial, District, Taluqua or Village,—should be revised, with a view to their progressive reduction on all lands which are cultivated by individual Agriculturists below a standard minimum of agricultural holding. Where lands are cultivated collectively or in co-operation by a Local Authority, these dues must be readjusted so as to meet the cost involved in their construction or management. Rates on the remainder must be so framed as to liquidate the entire capital charge in not more than thirty years.

Works on which all capital outlay may be shown to have been paid off should be made to serve the community at rates just enough to meet their maintenance cost, including repair, and general management or supervision.

(b) Cattle and Crops Insurance

A National Scheme of Cattle and Crops Insurance must also be devised on the same lines as Famine Insurance. As the

statistical basis is even more lacking in this case than in regard to Famine proper, the scheme would have, in the first instance, to be fairly elastic, to be made more definite and exact when better data on an extensive field have been compiled.

Insurance against loss or damage by Flood is equally difficult and yet necessary to provide. The same lines as mentioned above will have to be followed in this regard as well.

Utilisation of Agriculturists' Insurance Fund

In times of actual Famine, the National Agriculturists' Insurance Fund should be utilised to provide:

- (i) Food, fodder or water in the stricken area;
- (ii) Work for the unemployed agriculturists at standard wages sufficient to assure to the workers their customary standard of life in normal times; and
- (iii) Such further aid, by way of seed, cattle, manure, etc., they may need to resume operations in the next favourable season.

Provision by way of Famine Relief should also include protection for cattle, machinery or implements, seeds, manure, water supply, and other such indispensable aids to agriculture. Provision for the safety and protection of the Cattle and Crops, etc., in ordinary times, must form a first charge on the profits of agriculture, or surplus remaining after the agriculturist has been provided with the standard scale of living.

This comprehensive system of Insurance for the most important national industry in India cannot be accomplished without the aid of the Reserve Bank. The latter must, accordingly, be required, by law specially passed for the purpose, to grant its aid in financing Famine Relief Projects in times of distress; and in advising the authority entrusted with the management of the National Famine Insurance Fund in normal times for the utilisation of the National Agricultural Insurance Fund.

The utilisation of the balances in the National Agricultural Insurance Fund must be provided for and regulated by the basic law on the subject. As a rule, the balances should be used for:—

- (1) Provision of relief whenever and wherever a specified contingency duly insured against has occurred, through and on the responsibility of the appropriate Agricultural Council concerned.

- (2) Investment as fixed or working capital in Industries connected with agriculture, or those dependent upon it, or in which agrarian population is largely engaged, whether large or cottage scale, under conditions and regulations laid down in that regard by the Statutory Authority of the Fund.
- (3) Investment as fixed or working capital in Industries which may be correctly called industries of vital national importance, or key (or mother) industries, or specified Public Utility Services, owned and conducted by the State or its local representatives on a more or less monopolistic basis.
- (4) Other industries or securities which are authorised by law for purposes of investment, provided that in no such case the investment shall be for a period longer than five years.
- (5) Public utilities owned and controlled by Municipalities, Port Trusts, Improvement Trusts, etc.

Investment of any part of the balances, or realised portion of the fund, will not be permitted in:—

- (a) Ordinary Government securities uncovered by specific assets valued by competent authority at least double the amount of the loan or debt outstanding against such assets.
- (b) Undated Government Securities, or Interminable Loans (like the 3½% Government Paper).
- (c) Central, Provincial, State or Local Finances, particularly to make good a current deficit in the finances of any such Government, body, or Local Authority.

Investment, or Reserves, or Balances of the National Agricultural Insurance Fund may be permissible to use as cover by the Reserve Bank for purposes of issuing additional currency, when needed, under appropriate limitations and restrictions laid down by the law.

All Banking transactions in respect of this Fund shall be carried on by and through the Reserve Bank of India, which shall be the banker and custodian of all balances, reserves, and securities standing in the name of this Fund, or the authority set up to manage it.

It is difficult to calculate the incidence of the burden which the obligation to provide such Insurance will impose on the several authorities or individuals concerned. It has, however,

been calculated, when the first Famine Insurance Fund was instituted in 1878-9, that a serious famine occurs in India once every ten years, or so; and that, when it occurs, it involves a loss or damage of about 15 crores. This means a provision, allowing for accumulation of the sums collected by way of premia, of about Rs. 1 crore per annum. Add to this the additional provision in respect of cattle, water-supply, seeds, manure, tools and implements, and the provision in the aggregate may have to be doubled at least. This means at least Rs. 2 crores per annum at the disposal of the Fund Authorities.

The Agricultural Wealth of India,—counting the yield of land as well as cattle,—has been estimated at Rs. 1,500 crores, even at the prevailing prices.* This will be progressively increasing, with the improvement in the methods and technique of cultivation, as well as by the addition of new land to cultivation, by improved irrigation facilities, and by bringing under the plough new land. On a total income (wealth) of 1,500 crores, an annual charge of even three crores would not mean more than one-fifth of one per cent burden.

As this burden may be distributed, or spread over the three contributing parties, the burden falling to the share of any one of them will be negligible.

We would accordingly suggest that an experiment be made, to commence with, by a special Insurance Levy of $\frac{1}{2}$ per cent of the yield,—divided between the landlord (or Village Authority) and the Cultivator in any proportion deemed proper. To the fund thus begun, an annual contribution, equal to half the amount collected from the cultivators and landlords, may be required to be made by the Provincial and/or Central Government, as may be deemed proper.

We consider the aggregate thus collected may rise to as much as $7\frac{1}{2}$ crores,—if we allow exemption to the very small cultivators, and to the new lands brought under cultivation for a period of five years. Thereafter it may be even larger. This, properly invested, would yield, we feel confident, all the margin of protection and insurance that may well be needed.

The levy may be reduced in proportion as the conditions improve all round, and the degree of security to the Agriculturist also improves. The contribution of the State should never be less than half the contributions collected from the cultivators, landlords, or local authorities.

* This was written in 1939-40.—Editor.

APPENDIX II

MEMORANDUM ON LAND POLICY

By
Dr. Radha Kamal Mukerjee.

1. Agricultural land should belong to the State, but it should be divided into economic holdings in the possession of peasant farmers who will be responsible for their intensive cultivation. Collectivisation of property for joint farming and joint sharing of produce is incompatible with the needs of intensive cultivation in a country of heavy population pressure like India. Cultivation units of economical size should be constituted by re-stripping and consolidation. Co-operation in agriculture and marketing in all forms should be encouraged in order to get the best out of planned peasant farming, and the safeguarding of peasant farmers' rights.

It is only under State regulated and aided peasant farming that India can maximise her agricultural production with a view to the uplift of the standard of living of the masses. The limited possibilities of large-scale mechanised agriculture in India rule out collective farming as efficient method of land utilisation. To Russian agriculture the machine is everything. Tractors and reaper threshers are looked upon as the most important instruments in the effort to increase agricultural production. Undoubtedly the population factor and agricultural practice both offer little opportunity for the employment of machinery for big-scale collective farming in India. Monsoon conditions with associated differences in agricultural seasons have contributed in India to a far greater diversification of cropping than in other agricultural regions. Such diversification of cropping is the strength and support of intensive meticulous cultivation without which dense populations cannot be supported. In areas of heavy population pressure, rice is the major crop. Rice cultivation demanding systematic inundation and drainage of small level plots of land as well as transplantation of single plants largely excludes the possibilities of the use of agricultural machinery associated with collective farming. In India not only the heavier population density than in Russia (the crop area per capita in Russia is 4.2 acres as compared with only 0.78 acres in India), but also the peculiar conditions of cultivation within limited growing seasons and combinations of crops, favour peasant farming as the most effective mode of land utilisation for wiping out India's present deficit in food

supply. At the same time peasant farms should not be too small and scattered to prevent the use of improved seeds and fertilisers, and adoption of modern scientific agricultural practice. Thus the enlargement of the size of the holdings, promotion of scientific methods in intensive farming, and co-operation in various aspects of agriculture through the intervention of village communities are the major needs of the peasantry, and the land system that can secure the maximum intensification of agriculture will be represented by State regulated ownership of holdings by small peasant farmers. The amalgamation of the peasants' small holdings into large collectivised units will destroy the farmers' individual initiative and enterprise, and if the farmers' quota of sharing of agricultural produce does not bear direct and immediate relation to their toil, the present unbalance between heedless multiplication and increase of production will be aggravated resulting inevitably in greater poverty and lower standard of living and farming.

2. The village community should own village groves, meadows, tanks and minor irrigation channels, and any encroachment of such customary rights should not be permitted. It is necessary to resume the possession of common pasture lands, meadows, tanks, etc. from other landed interests by law when these have been usurped.

3. In many respects the series of Tenancy Laws in Bengal which since 1859 have sought to give legal force to the customary rights of cultivators, left unascertained or actually obliterated by the Permanent Settlement, provide the background to the development of tenant rights in all zamindari provinces. Protection, however, has been unequal in the different zamindari provinces. Neither stability of tenure nor adequate protection against enhancement of rental have been established to the degree as has been reached in Bengal.

4. In the **zamindari** provinces outside Bengal heritability should be granted to the vast majority of tenants who have now no inducement to make improvement of their holdings. This is an urgent measure of considerable economic significance.

Indivisibility of Tenant Holdings

5. But mere legal status cannot promote thrift and efficiency of tenants. The magic of property may turn sand into a torrent of babies. Thus the State should protect economic family holdings from further sub-division by restricting the succession of all new hereditary tenants to either the eldest or the youngest heir. Such a safeguard has been found neces-

sary in Germany, Belgium and Czecho-Slovakia in the interests of small farming; the family holding must not be permitted to be split up into less than 3 to 5 acres according to different agricultural conditions and regions in the Province.

In Germany rights in "the inherited freehold", which is a subsistence farm and cannot exceed 310 acres, are so adjusted by means of entail that fragmentation and burdening of the farms with indebtedness is avoided. The freehold must be not only bequeathed undivided, but also cannot be used to secure loans for which the farmer has only his personal credit. Perhaps it may be expedient to withhold from a newly created hereditary tenant even a limited right of sub-letting. The experience throughout India is that the better the security the greater the amount of indebtedness. In Bengal and Bihar where complete transferability has not as yet been granted even after more than fifty years of accrual of occupancy status, sub-letting has created a hierarchy of tenants and greatly complicated the land situation. In the U. P. the analysis of debt statistics clearly indicates that landlords now are generally more indebted than occupancy (and exproprietary) tenants and the latter are more indebted than tenants-at-will. This is not want of thrift but the exigency of farming in under-sized holdings and under diminishing returns. The tenant is likely to use subleases as a substitute for usufructuary mortgages; and the end will be the relinquishment of land by the debtor and its lease by the landlord to the creditor. To permit such transactions would be to risk a heavy infant mortality for the newly created tenancy by making it easy for the tenant to barter away his life-blood. Any difficulty of obtaining credit can be remedied by the establishment of co-operative societies on a much larger scale than exist at present. Protection of tenancy cannot be secured even by laws and decrees without making more capital available in the country side at lower rates of interest and on instalment payments.

Cleavage Between the Rich and the Poor Peasantry

6. Mere grant of hereditary rights to tenants is not enough. It should be supported by the safeguarding of the heritable tenure against indebtedness, mortgage and sale through indivisibility, through consolidation, through credit facilities offered by co-operative-cum-marketing societies and through legal restriction of social expenditure. The State should also offer facilities so far as rights of pasturage and supply of fuel, etc. are concerned. Neither the petty landlords, who are *sir* holders, nor occupancy or any other kind of tenants should be permitted to sub-let; and the State should

steer clear of the risks of cleavage between the lower peasantry and the higher peasantry by accepting two fundamental principles, viz., the restriction of succession of the newly created hereditary tenants to a single preferred heir so as to prevent fresh sub-division of holdings and multiplication of tenants-cum-labourers in the future; secondly, the recognition in land law that any interest in land whether of the zamindar or of the tenant derives its justification only from his contribution to cultivation as an economic enterprise. Neither the incidents of feudalism which were bolstered up by promises and pledges in the past nor the notions of the landed estate as a field for obtaining monetary returns, have any place now in the face of the enormous pressure on the land and the national interest in an intensive exploitation of every bit of available cultural land which only the magic of property, regulated by collective control of village groves and pastures and by certain other customary rights, can alone ensure. This is not only the justification of granting hereditary rights to all statutory and **sir** tenants but also implies that the class of petty landholders and tenants, who deserve special protection through the development of rural public works, a graded scale of land revenue and revision of the system of taxation, should not have the right to appropriate and manage lands above the size of economic holdings that cannot be directly cultivated by their families without importing hired labour, or without sub-letting.

Constitution of Economic Holdings

7. The State after systematic regional enquiries should find out the size of the economic holding. Its extent must be such that a family of average size can obtain its subsistence by cultivating it with average skill and labour. By law the Government should adopt compulsory re-stripping operations so as to establish an area suitable for normal small farming.

8. The maximum area of a peasant holding should also be fixed. A peasant family in order that it may justify the protection of the State in the form of credit facilities and exemption from certain tax burden should not occupy a holding of a size that may under normal conditions require permanent outside labour.

- (i) The amalgamation of small holdings, provided the total area does not exceed the size of the economic cultivation unit, should be deemed a necessary return to the normal.
- (ii) Each cultivator participating should receive, out of the regrouped area, in exchange for his old property,

an area of land of equal value and equal quality to that which he possessed before the exchange.

- (iii) At the time of restripping the law should also effect the liquidation of all easements and the regulation of roads and paths, as well as the provision of a general constructive plan for the rural unit created by the restripping of the lands.

These programmes should accompany rural industrialisation, which could provide an alternative to agriculture as a means of subsistence. Special land courts should be established to go into all questions of restripment, consolidation and inheritance.

Indivisibility And Inalienability of Economic Holdings

9. An economic cultivation unit thus constituted should be protected against further sub-division. The present law of inheritance should be replaced by the preferred heir which would prevent the fractionalisation of economic cultivation units. Only the eldest or youngest son or daughter should succeed to the undivided holding. The inheriting son or daughter will be obliged to give the other sons primary education and the daughters dowries upon marriage. The other sons may return to the holding in case of lack of economic opportunity, but will obtain only wages as hired labourers at the discretion of the inheriting son or daughter.

10. The economic family holding should be non-alienable. The cultivator would require the consent of the State to the entry of a right of usufruct (tenancy), a land easement, a limited personal easement, or a real encumbrance, when it is compatible with the rules of normal working, and it does not diminish or impair essentially the effective character of the family holding.

A limit of indebtedness should be entered for mortgages, land debts and land revenues encumbering the family holding. Distraint on the family holding in respect of a personal debt should be disallowed.

11. Sub-letting should be prohibited as a general rule. In cases of illness or absence of the cultivator sub-letting may be permitted but not beyond two agricultural seasons.

12. In Germany the Reich Government has devised the maintenance of the yeomanry as the source of new blood by safeguarding old inheritance customs which prevent over indebtedness and parcellization of the family holdings in the hand of free yeomen. There is to be an optimum distribution of farm sizes. The yeoman may be the possessor of only one

inherited free hold which must be large enough at least to provide a family living and may not be larger than 125 hectares (i.e. 310 acres). Only he who possesses and farms such a holding may be called "Yeoman" (Bauer). The inherited freehold may not be used to secure loans; for loans the farmer has only his personal credit. He has no inheritance and real estate acquisition tax to pay. A moratorium against foreclosures in connection with real estate debts already assumed is automatically declared upon the entrance of the "inherited freehold" into the "Inherited Freehold Register", which is kept in special courts called Inherited Freehold Courts that have been established to arbitrate questions arising from the entry of a holding as an "inherited freehold" or in the course of subsequent inheritance.

In India over-indebtedness and fractionalisation of holdings could be effectively prevented by means of such legislation as has been recently undertaken in Germany and other agricultural countries in Europe. Special land courts have also to be established to go into the whole question of restripment, consolidation and inheritance.

13. In the transitional period a serious reduction of land revenue income has to be faced. This will be counteracted by income derived from other sources as progressive industrialisation increases the taxable capacity of the people, and by a progressive rate of taxation of all agricultural incomes, that should weigh heavily on landlords, lessees and all kinds of intermediaries, as well as rich peasants who now habitually employ hired labour.

14. With regard to the progressive substitution of peasant ownership for landlordism the following stages may be envisaged. The initial demand would be the stability of tenure and right of transfer of tenant rights. This should be followed by the intervention of the State in the adjustment of rentals. Finally there would be purchase of rights of landlords and all intermediate tenure holders by tenant cultivators through the establishment of land transfer associations and state assistance.

Protection Against Rent Enhancement

15. The question of the security of tenure, is intimately connected with that of fair and stable rents, and this is the chief reason why tenancy legislation in Bengal, Agra and Oudh so far has for one of its chief objects the prevention of sudden rise of rents and levy of nazaranas which are in essence the capitalisation of the increase of rent. Legislation, however, has not hindered enhancement and eviction, especially in the

United Provinces. Even in Bengal, where the rent of occupancy holdings can be enhanced only for certain specified reasons, the courts have not been sure about limiting uneconomic enhancement. In the case of under-ryots, who hold for a fixed period or at the will of the landlord, the rents are pitched extremely high. Out of the total land revenue of Rs. 18 crores realised in Bengal, the occupancy ryots pay about Rs. 8 crores and the under-ryots, whose scale of rents is higher, pay Rs. 3½ crores. According to the Act of 1928 the permissible rate of contractual enhancement in the case of the under-ryots is 4 as. per rupee of the previous rent as compared with only 2 as. in the case of the occupancy ryot. The rent-rates paid by the bargadars, bhagdars and adhiars are even higher. If the rent-rate payable by the actual tiller of the soil could be fixed, such a measure by itself would eliminate several grades of intermediary interests in the soil. Rent-rates in Bihar have also been on the whole on a higher level than in Bengal. Produce rents have been on the increase in Bihar during the last few decades and in some districts in Western Bengal, and these represent twice or three times the money rent for similar land. There is also a marked divergence in recent years between old occupancy rents and competitive rents for ordinary tenants in Bengal, Bihar, and the United Provinces. In the United Provinces, where in some districts rents of ordinary tenants are even double those of stable tenants and are still on the increase, the indirect effects have been to threaten occupancy status, promote sub-letting, and perpetuate the evil of nazarana of all kinds.

Principles of Agricultural Costing as Determining Economic Rents

16. As measures for the introduction and stabilisation of occupancy should be introduced into ryotwari and other areas where tenancies have recently developed and are as yet inadequately protected, so the economic principles which now guide the calculation of the costs and profits of agriculture in the ryotwari areas should be applied to Northern India, and it may be profitable to provide for a machinery of determination of rents in Bengal, Bihar and Orissa like that now governing the United Provinces, the Central Provinces, and the Ryotwari Provinces, instead of allowing rents to be governed by court decision or by mutual adjustment between landlords and cultivators. It is true that the pitch of assessment is not well adjusted to changes of agricultural conditions in the ryotwari area. This is indicated by the increase of coercive processes of different kinds in Madras, for instance, from 909,356 to 1,139,377

and rise in the number of defaulters whose properties were sold from 6,330 to 10,062, that are associated with agrarian unsettlement. Similarly in the Punjab, due to the same cause, i.e. economic depression and fall in the prices of agricultural produce, the number of coercive processes increased from 10,967 as the average of 1924-27 to 30,000 in 1932.

A recent investigation into the economic condition of the agriculturists in certain districts of the Province of Madras has shown that in most rural parts the value of the agricultural produce is insufficient, after meeting the demands of the Government revenue, for the maintenance of the agriculturists, so that while a few rich people get richer and a small number remain on the margin of subsistence, the majority are running into debt and losing their hold on land which is frequently changing hands. The system of land revenue is based too much on average (average rainfall, average supply of water, average outturns, average prices, etc.). The inelasticity of the system leads to low production and indebtedness. It is antiquated, and is not in keeping with the trend of land revenue policy in civilised countries. Land revenue in India is much heavier in its incidence than other taxes.*

17. Yet through many mistakes of over-assessment in Madras, Bombay and the Punjab due to under-estimating the total cost of production, and ignoring the cultivators' profits while over-estimating the gross produce and the benefits derived from land improvements and irrigation projects, certain general principles of agricultural costing and determination of the cultivators' real economic surplus have emerged. For the assessment of a fair land revenue the Settlement or Roster Year Officer, in estimating the net produce, should make a liberal allowance for the true and full expenses of cultivation, the labour of the cultivator and his family, the interest on the capital he borrows from season to season to carry on his agricultural operation, the depreciation of agricultural capital and livestock and insurance against the inevitable risks of agriculture in the Indian climate; the state also should return the land revenue in the form of benefits which may increase the efficiency as well as the comfort and amenities of life of the cultivator.

Need of Fixation of Normal Profits and Size of Economic Holdings

18. Certain general principles in agricultural economics are thus already being incorporated in Settlement Acts and Codes of **ryotwari** Provinces, and these should guide the rent

* Report of the Committee, p. 99.

policy of the whole of India. No doubt the assessment of **fair land revenues, irrigation rates and rents, making these correspond** with the level of prices year by year and district by district, are very intricate matters demanding the use of index numbers of prices, wages and rents, the fixation of a normal year for comparisons, and the correlation of the cost of agriculture, fall in prices and net profits of the farmer in each agricultural region. In such calculations the agricultural economist with his expert training and technique may usefully serve the State. Nor should the fear of an unsteady revenue with the attendant difficulty of framing a budget justify inaction. For in the present economic world, where economic conditions and prices are so fluctuating, it cannot be expected that the land revenue might be insured against charge without serious detriment to the purchasing power of the cultivators. But even if all is done the pitch of revenue or rent may yet be too high, a considerable proportion of the holdings in India being uneconomic and yet being fractionalised. A scheme of exemption of uneconomic holdings from taxations and from sale on account of money-lender's decree has been adopted by some agricultural and political parties,* which will lead to a serious shrinkage of land revenue income even though it may be offset by a progressive taxation of holdings which are larger than the economic cultivation unit and are hired out, as adopted in the cantons of Switzerland.

19. Several countries have adopted taxation of agricultural profits which does not encroach upon necessities. In 1917 France introduced an income-tax on agricultural profits as distinguished from land proprietorship at the rate of $3\frac{1}{2}$ per cent. In England the assessment of farmer's profits was at one-third of the annual value before the last war, and the great majority of the farmers were virtually exempt from all payment. During the last war the basis of assessment of farmer's profits was raised to the full annual value. In Russia the Soviet Law completely exempts from taxation the holdings of the poorest peasants, which form 35 per cent of the total peasant population. The middle peasants, forming about 61 per cent of the total, and the **kulaki** who form 4 per cent are subject to a rather steeply progressive rate of taxation. By a process of liberal support of small cultivators and by the organisation of Co-operative Societies which will unite them for the purchase of seeds, cattle and ploughs and for agricultural

* In Bengal a section of the Bengal Agricultural Debtor's Act adjudicates certain debtors as insolvent and to exempt one acre of their holdings from sale. This is intended to prevent cultivators from drifting into the position of landless labourers or economic serfs by retaining at least their houses and some plots, however small.

marketing the small holders could be saved from exploitation and could make a living out of farming.

Exemption of Uneconomic Holdings From the Payment of Rent or Revenue

20. The exemption of uneconomic holdings from the payment of rent or revenue is accordingly based on the following considerations:—

- (1) The cultivating proprietor or tenant of an uneconomic holding consumes all the produce of his fields and he has to supplement it by the wages of his labour. He is a subsistence farmer-cum-cottage worker. With the decay of cottage and rural industries any payment of rent or revenue that he makes, renders him unable to invest capital in the land; it trenches upon his standard of farming and reduces the physical efficiency of himself and his family.
- (2) Discrimination is shown in the incidence of income-tax in India and elsewhere by admitting the principles of exemption and graduation.
- (3) The rise in prices of agricultural produce does not benefit cultivators of under-sized holdings.
- (4) The presence of considerable numbers of small tenants or holders who can be hired for work in bigger holdings encourages sub-letting, which should be drastically restricted for the protection of present farming.
- (5) Competition for land and economic pressure together with lack of alternative employment have reached such a pitch in the zamindari provinces that the operation of ordinary tenancy law is powerless to limit the rent which the landlords may command. In the ryotwari provinces, as well, the growing population pressure is also responsible for the development of lease and the **metayer** system on disadvantageous terms.
- (6) Rent and revenue on undersized holdings are responsible for the gradual transfer of holdings from agriculturists to the money-lending or middle classes who have other sources of income in India.

21. Land transfer will be the final step in the transitional period for the establishment of peasants ownership. In Northern India there are big landlord estates which are under-cultivated while at a little distance there is great pressure on the

land, resulting in the pitching up of rents, forced eviction and transfer and emigration of the landless class. Land purchase and redistribution by occupancy tenants have been a demand already set forth by the Bengal ryots. Bengal, which has been under the permanent settlement, now shows a revenue demand which is roughly only half of what it is in any other Province in India, although in all probability the income per capita of the population is greater than in any other Province. The benefits of the enormous extension of cultivation which has proceeded in many districts in Bengal, Bihar and Orissa to the extent of about two-thirds of the cultivable area have been appropriated by the landlords and intermediate tenure-holders having parallel rights and privileges, who as a class have not contributed much to permanent improvements of land. This has left the state relatively inadequate resources for urgent measures of public health, irrigation, improvement of waterways and education, which have been sadly neglected.

In Ireland the process of transfer of land to owner-operators continued steadily since 1885 under the schemes of land purchase and after the partition of Ireland, in both the new countries the revesting of small farms in their occupier was rapidly becoming universal. Hopeless tenants, remarks, Hooker, by hundreds of thousands have been transformed into owners holding title to their farms, full payment for which was to be made through annuities much lower than their former rents. In the Irish Free State the price by the payment of which tenants could purchase their holdings was gradually reduced from 23.33 times to 13.75 times the former annual rent. It is also possible for the present tenants to borrow the entire price of any farm purchased. What began as a series of loans on a purely business basis, with adequate safeguard for repayment, came more and more to include investments in public security from which full financial repayment was not expected. Land adjustment in Bengal should be effected on the lines in Ireland or those in Germany where, under the law of 1919, landlords are bound to join land transfer associations which have purchased properties fit for colonisation at reasonable prices up to a third of the cultivated area of the estates. Such transfer associations can buy at a fair price or expropriate lands that are under-cultivated, or estates of unusually large size, and set apart a portion of the land for division among the agricultural labourers. In Denmark a similar policy of land purchase by tenants has been systematically encouraged since the war by the State through credit banks as well as direct subsidies. According to the recent laws the tenant does not pay any purchase money but is required to pay interest only on the value of the land. The minimum area

that may be acquired is 5 acres, while the holding may not be transferred, mortgaged or sub-let without the authorisation of the Minister of Agriculture. The inheritance must be single and undivided. Purchase of rights of landlords, and intermediate tenure holders, on similar lines as in Europe through land-mortgage banks and credit societies, or the State providing a portion of the purchase money or guaranteeing the payment of interest only on the value of the land, drastic restriction of lease and transfer by ryots and the conversion of all metayers or partial metayers (Bargadars or Bhagdars) into the status of occupancy ryots, will probably be the first step in correcting the present maldistribution of land resources and creating cultivating tenure with healthy limitations in the interests of improved farming. Unless the evils of under-cultivation and rack-renting in the zamindari provinces are completely eliminated through the transformation of tenancy into farm occupancy as in Ireland or the establishment of the inherited family free-hold as in Germany, the landless class will continue to exist and expand as a dangerous sore in the body politic.

Summary of the Memorandum of Dr. Radha Kamal Mukerjee on Land Policy

(Also Agreed Upon by Prof. V. G. Kale)

1. Agricultural land should belong to the State, but it should be divided into economic holdings in the possession of peasant farmers, who will be responsible for their intensive cultivation under State regulation and control. Collectivisation of property for joint cultivation and joint sharing of produce is incompatible with the needs of intensive cultivation in a country of heavy population pressure like India. Agriculture in Russia, where the crop area per capita is 4.2 acres as compared with only 0.78 acre in India is predominantly extensive. According to Yugoff the three-field system is dominant with the result that year by year one-third of the whole area of uncultivated land remains unplanted in Russia. Under conditions of more intensive exploitation of the soil that prevail in India, peasant farming in small holdings will produce much better than large scale collective farming without private property, the holdings of the farmers, remaining family and inheritable property and the farmers co-operating with one another as far as possible as regards the purchase of improved seeds and ploughs, irrigation and marketing. Co-operation in preparation of the land, sowing and harvesting should be encouraged but this should not impinge upon peasant ownership. The collective farm is different from the co-operative farm in that there is no individual ownership of the holding in the former case. In the Soviet Constitution the "**Kolhozy**" (sometimes translated as co-operative, sometimes a collective economic enterprise) is classed as a co-operative organisation. Hubbard observes in this connection "A large number of well-meaning people in our own country (Great Britain) make the mistake of thinking that the word co-operation has much the same meaning in the U.S.S.R. as in the U.K. It has nothing of the kind. The members of a Soviet producing co-operative, possess no personal and inalienable rights in the property of the organisation; they can be deprived of membership and packed off at any moment." The collective farm is unsuitable for India though co-operation in certain tasks of agriculture and irrigation, credit, supply of seeds, manures and implements and marketing is desirable. Even in Russia the rate of collectivisation per force by the State and the party was slowest in those areas where peasant farming was much more mixed.

The struggle over collectivisation ended finally with the victory of the Soviet Government over the peasants. And it is doubtful whether the Kolhoz niki in the mass enjoy a better standard of living than they would have done had they remained small peasant farmers; the yield of the land has not shown any marked increase though the area cultivated has largely expanded due especially to the introduction of tractors and machinery in hitherto forested land or dry steppe.

2. Instead of collective farms, co-operative organisations of the type known as multiple purposes societies should be established in all villages. Such societies should provide facilities of co-operative credit, supply of seeds, implements and necessities of life and marketing of agricultural produce, besides taking up the tasks of consolidation of holdings. Gradually the multiple purposes societies encouraging co-operation beyond the economic field will be assimilated to the structure of the village communities.

3. The village community should own village groves, meadows, pasture-lands, tanks and minor irrigation channels, and any encroachment of such customary common rights should not be permitted. It is necessary to resume the possession of common pasture lands, meadows, tanks, etc. from other landed interests by law where these have disappeared.

4. Excessive fractionalisation of holdings has become a very serious handicap to agriculture. The following measures are necessary to deal with this problem:

(i) The State after systematic regional enquiries should find out the size of the economic holding. Its extent must be such that a family of average size can cultivate it effectively, and obtain its subsistence from it. By law the State should adopt compulsory re-stripping operations so as to establish economic holdings.

(ii) The maximum area of a peasant holding should also be fixed. A peasant family in order that it may justify the protection of the State in the form of credit facilities and exemption from certain tax burdens should not occupy a holding of a size that may under normal conditions require permanent outside labour.

(iii) Under-sized holdings should be amalgamated provided the total area does not exceed the size of the economic cultivation unit.

(iv) Each cultivator participating in the re-stripping should receive out of the regrouped area, in exchange for his old property, an area of land of equal value and equal quality with that which he possessed before the exchange or a suitable

compensation, in case such exchange holdings are not available.

Special land courts should be established to go into all questions of restripment, consolidation and inheritance.

(v) An economic cultivation unit thus constituted should be protected against further sub-division. In this connection the system of preferred heir prevalent in Germany and other countries may be considered.

(vi) The Economic holdings should be heritable on condition that the heir himself cultivates the holding to the best advantage of the State. Otherwise the holding will lapse to the State.

(vii) The economic holding should be non-alienable. No encumbrance or easement will be permitted to be entered into by a cultivator except with the consent of the State.

5. Sub-infeudation and sub-letting should be prohibited as a general rule. In cases of illness or absence of the cultivator sub-letting may be permitted but not beyond two agricultural seasons.

6. All intermediate rights between actual tillers of the soil should be liquidated by payment of suitable compensation.

7. Rent should constitute the cultivator's real economic surplus calculated on the basis of cost of production and value of the produce and not on the gross produce.

8. In view of the above provision the State should have the right to resume possession of a holding in case the produce from it is 25% below the average yield in three successive years.

9. In Provinces and States wherever agricultural labourers are reduced to virtual debt-bondage, any debts extending beyond five years should immediately be extinguished, and the State should assist in settling them on the land.

10. In newly reclaimed areas acquired by the State for the purpose of settlement of agricultural labourers no new vested peasant interests should be created, but collective family should be adopted in accordance with modern scientific methods.

11. Rural labour unions should be organised and living wages and regulation of hours and conditions of employment should be adopted.

12. Rural Wage Boards should be established in the Provinces and States to control and supervise wages and rural labour conditions generally.

I generally agree with Dr. Radhakamal Mukerjee in the views he has set forward above as regards Land Policy. I believe in private land property co-operatively regulated and organised.

Sd. **V. G. Kale,**
 Professor.

Note on Co-ordination of Land Policy in the Different Provinces

by

Dr. Radha Kamal Mukerjee

In many respects the series of Tenancy Laws in Bengal which since 1859 have sought to give legal force to the customary rights of cultivators, left unascertained or actually obliterated by the Permanent Settlement, provide the background to the development of tenant rights in all zamindari Provinces. Protection, however, has been unequal in the different zamindari provinces. Neither stability of tenure nor adequate protection against enhancement of rental have been established to the degree as has been reached in Bengal.

Effects of Heritable Tenancy

The grant of heritability in the **zamindari** provinces outside Bengal to the vast majority of tenants who have now no inducement to make improvement of their holdings is a necessary measure of considerable economic significance. So far the only tenants, who have had heritable rights in Oudh have been some landlords whose rights lapsed just prior to British rule and who occupy about 1.2 per cent of the total cultivated area. In Agra only 3.2 per cent of the total cultivated area has been in possession of occupancy tenants. The effect of grant of hereditary rights according to the recent legislation for statutory tenants who are the most important class of tenants in the Province is likely to be greater enterprise and more investment of agricultural capital in the land provided that this agrarian reform is backed up by preventing the fractionalisation of economic holdings.

Indivisibility of Tenant Holdings

For mere legal status cannot promote thrift and efficiency of tenants. The magic of property may turn sand into a torrent of babies and the Government should not miss this unique opportunity of protecting the economic family holdings from further sub-division by restricting the succession of all new hereditary tenants to either the eldest or the youngest heir. Such a safeguard has been found necessary in Germany, Belgium and Czecho-Slovakia in the interests of small farming; the family holding must not be permitted to be split up into less than 3 to 5 acres according to different agricultural conditions and regions in the province.

In Germany rights in "the inherited freehold", which is a subsistence farm and cannot exceed 310 acres, are so adjusted by means of entail that fragmentation and burdening of the farms with indebtedness is avoided. The freehold must be not only bequeathed undivided, but also cannot be used to secure loans for which the farmer has only his personal credit. Perhaps it may be expedient to withhold from the newly created hereditary tenant even a limited right of sub-letting. The experience throughout India is that the better the security the greater the amount of indebtedness. In Bengal and Bihar where complete transferability has not as yet been granted even after more than fifty years of accrual of occupancy status sub-letting has created a hierarchy of tenants and greatly complicated the land situation. In the U. P. the analysis of debt statistics clearly indicates that landlords now are generally more indebted than occupancy (and exproprietary) tenants and the latter are more indebted than tenants-at-will. This is not want of thrift but the exigency of farming in under-sized holdings and under diminishing returns. The tenant is likely to use sub-leases as a substitute for usufructuary mortgages and the end will be the relinquishment of land by the debtor and its lease by the landlord to the creditor. To permit such transactions would be to risk a heavy infant mortality for the newly created tenancy by making it easy for the tenant to barter away his life-blood. Any difficulty of obtaining credit can be remedied by the establishment of co-operative societies on a much larger scale than exists at present. Protection of tenancy cannot be secured even by laws and decrees without making more capital available in the country side at lower rates of interest and on instalment payments.

Undue Extension of Sir and Decline of Protected Tenancy in Recent Years

The proposals relating to sir or the landlord's demesne in the U.P. have been the subject of considerable controversy. That controversy is the result of the unhappy compromise effected in the past when the grant of life tenancy was offset by the Oudh and subsequently the Agra landlord acquiring the power of extending the sir area in land which he has continuously cultivated for 10 or 12 years with certain limits placed on the amount of land in which sir rights can be obtained. Since the Agra Tenancy Act was passed in 1926 about 10 lakhs acres of land in Agra and since the passing of the Oudh Rent Act in 1921, 4 lakhs of acres of land were gained as **khud kasht** of landlords, mostly at the cost of occupancy tenants in Agra and

of statutory tenants in Oudh. While no tenant at will can any longer acquire an occupancy right by continuous cultivation for 12 years, the simultaneous decline of the occupancy area in Agra since the depression has been considerable and alarming. During the years of depression 1927-1932 the occupancy area declined on an average by 107,000 acres annually. This goes against the policy of former Governments which reiterated that they would have liked to make occupancy rights universal and did not wish to make it easy for the landlords to sub-let their **sir**.

In Oudh in spite of the creation of life-tenancy, the area held by statutory tenants steadily declined during the last few years. The figure was 62.8 lakhs of acres in 1927; it was reduced to 57.4 lakhs in 1933. Both **sir** and the area occupied by sub-tenants who have no protection expanded. In the whole of India nowhere, except perhaps Malabar, is there such unstable and precarious tenant right as in Oudh, where only life-tenancy has accrued for about 57 lakhs of tenants and about 22 lakhs do not possess even these rights but can be easily ejected, rack-rented and be made to pay heavy **nazaranas**.

Sir originally signified the subsistence family farm but now it has degenerated into a special preserve of the landlord, big or small, in which the tenant is insecure and rack-rented and for which the landlord enjoys a concession of about 25 per cent in respect of assessment to land revenue. It is estimated that the **sir** area has expanded during this century almost tenfold and that 25 per cent of the **sir** in Agra and 39 per cent in Oudh have been let out to tenants. **Sir** is often the best land in the rural settlement and is treated in assessment lightly, especially that part of it which is presently sub-let. On the other hand, the rent rates for **sir** lands are considerably higher,—Rs. 8 and Rs. 9 per acre in Agra and Oudh respectively as compared with Rs. 4.7 and Rs. 5.8 for statutory tenants. The mere threat of ejectment at the end of each agricultural year has led to such enormous disparity of the rates.

Inconsistency of Present **Sir** Proposals

But the recent Act is not only somewhat inconsistent in so far as it metes out a differential treatment of big and petty landlords with reference to the conversion of holding into **sir** but it also appears to lose sight of the pernicious effects of sub-letting on the increase of further unprotected tenantry. The Act gives security to tenants of **sir** for five years and extends in some measures **sir** rights. It gives every landlord the right of retaining or acquiring **sir** upto 50 acres of land. It does not

affect such **sir** whatever its area, as is under cultivation by a landlord and it leaves untouched the **sir** of the petty landlord paying Rs. 25 or less local rate whether that **sir** was acquired after the passing of the Agra Tenant Act, 1926, or the Oudh Rent (Amendment) Act, 1921. Of the remaining **sir** of landlords paying more than Rs. 25 local rate that portion which at the commencement of the Act is let to tenants ceases to be **sir** and the tenants become hereditary tenants.

Need of Drastic Restriction of Sub-letting of Sir and Occupancy Area

Sub-letting whether by a big landlord or by a petty landlord or by an occupancy tenant tends to convert him into a mere intermediary and the actual tiller of the soil into a person without any adequate protection safeguarding to him the fruits of his toil. The concession that the smaller landlords may hold **sir** beyond the limit of what is necessary for his own purposes of cultivation or by sub-letting may be good politics since they supported the Congress during the election, but it is bad economics. The provision for intermittent cultivation by the zamindar himself and the curtailment of his margin of profit will not, it is apprehended, check sub-letting in view of the competition for land unless a maximum area of say 15 acres is fixed up which any petty landlord may be allowed to have as his **sir**. The argument of the Select Committee that it is difficult to fix any limits which would vary according to the economic position of the petty landlord overrides the considerations of economic injustice to a considerable section of the poorer peasantry who are thus deprived of hereditary rights, while it forgets that small landlords also look upon their **sir** area as a field of obtaining monetary returns rather than of new scientific agricultural enterprise. In fact the present legislation will bear the seeds of the conflicts between the richer peasantry and poorer peasantry so marked today in the Punjab.

All persons who are tenants of **sir** and who have been doing cultivation for the last 5 years should become hereditary tenants therein and no exception should be made in the case of the petty landlords. Sub-letting in the case of **sir** which is now occurring to the extent of more than one-fourth in Agra and more than one-third in Oudh should not be permitted at all; while the amount of **sir** should be legally limited by the extent to which the zamindar's family can cultivate without requiring under normal conditions any permanent outside labour. Even for small **zamindars**, who cultivate land themselves the extension of **sir** area beyond this limit implies the

persistence of a large class of rack-rented tenants always in the fear of ejectment and the evils of under-cultivation and soil-exhaustion.

It is only in this manner that we can hope to limit the **sir** area to what it is intended for viz. **khudkasht** and prevent it from becoming an implement of denying legitimate rights to a class of tillers of the soil, on the one hand, and of spendthrift land use, on the other. The concession that the petty zamindar may demand should be that portion of the **sir** which he tills himself by the labour of his own family may be protected against mortgage and sale, being made inalienable. Any abridgement of credit that follows will lessen his extravagance.

Half-hearted Legislation With Regard to Leases

In the western districts many occupancy tenants possess such large holdings as they cannot cultivate themselves efficiently and sub-let these. Such sub-letting also should not be permissible, the sub-lessee acquiring full rights in the land, when he is an actual tiller of the soil. The constitution and safeguarding of the economic holding and the prevention of sub-letting should no longer be regarded as impracticable. Succession should be limited to only one son of the cultivator and sub-letting should not be allowed for more than two successive agricultural seasons as in Russia or for a year as in the Central Provinces. It has been estimated that over and above more than one-fourth of the **sir**, which is sub-let, about 20 per cent of the occupancy area in several districts in Agra is now sub-let and sometimes continuously sub-let. There is danger in the recent legislation that the concession of **sir** rights and half-hearted legislation with regard to leases may create a fresh class of unprotected tenants so long as the present economic pressure on the land continues.

Increase of Agricultural Labouring Population, A Serious Menace

Already the competition for land has raised rents to uneconomic proportions. Agricultural labourers now numbering about 34 lakhs increased by almost 10 lakhs since 1921 at the expense of tenants who have either lost their holdings altogether or derive more income from labouring than from cultivation. Every inch of land must be conserved for the peasant proprietor's and cultivating tenant's home farming to the exclusion of cultivation by tenants, sub-tenants and hired labourers in order to stabilise as much of the landless in cultivation as possible. The increase of the agricultural labouring popu-

lation was only 19 per cent in Bihar and Orissa as compared with 36 per cent in the U. P. between 1921 and 1931, and there are now about 200 labourers for every 25 non-cultivating landlords and tenants in the Province. Representing 19 per cent of the agricultural population it is they who feel the distress first when agricultural seasons are unfavourable; having no reserve they have been flocking to the towns and cities during these depression years in vain search of employment and lowering wages and living conditions all round. The following table will be of interest for comparison:—

Province	Number of Agricultural Labourers (Lakhs)	Increase between 1921-1931 Percentage.	Percentage of the total agricultural population.
U. P.	34	36	19
Bihar and Orissa	39.7	19	19
Bengal	27	50	28

The presence of this increasing class of agricultural labourers betokens an agrarian crisis in the Province and is incompatible with a kind of land system in which protected tenancy and proprietorship are extended on the one hand and yet a ladder is built which may instal an intermediary on each rung, depressing the standard of living of actual tillers and farm hands who clamour for employment and will now find it increasingly difficult to become cultivators.

In countries like Germany and Belgium, not to speak of Russia, the leasing of lands is drastically restricted while there are numerous restrictions on the employment of hired labour in the newly constituted family holdings. The land reform in the Zamindari Provinces should particularly have to be considered in the background of enormous pressure on land and increase of the landless class, both of which may defeat the aims of the present legislation.

Rent Adjustment

State intervention is also necessary for the adjustment of rentals and the level of economic rents fixed on the basis of the prices and the rents prevailing in a period of agricultural normalcy as between 1896 and 1905 i.e. before the period of hard competition for land among tenants at will. Since that period the proportion of uneconomic holdings has probably increased faster than population and one may still find especially in the congested districts that rent which represents one-

fifth of the produce in value may yet be too high, leaving the cultivator a surplus hardly adequate to support him and his family. With reference to distraint, we commend the principle that it shall be made by order of Court only and that it should not operate on more than a quarter of standing crop leaving the tenants the wherewithal to carry on farming; as for ejectment it should be restricted in its application to prolonged default and to wipe out all arrears in respect of holdings this would be mere recognition of the realities of the situation caused by the cumulative increase of indebtedness and fall of agricultural prices. Under such circumstances the landlord, however, can reasonably demand remission of revenue in the same proportion as arrears of rent may be to his whole rental.

Cleavage Between the Rich and the Poor Peasantry:

Mere grant of hereditary rights to tenants is not enough. It should be supported by the safeguarding of the heritable tenure against indebtedness, mortgage and sale through indivisibility through consolidation, through credit facilities offered by co-operative-cum-marketing societies and through legal restriction of social expenditure (as in Indore). The Government should also offer facilities so far as rights of pasturage and supply of fuel, etc. are concerned. Neither petty landlords, who are *sir* holders, nor occupancy or any other kind of tenants should be permitted to sub-let and the Government in order to implement its promise of economic amelioration of the rural masses should steer clear of the risks of cleavage between the lower peasantry and the higher peasantry by accepting two fundamental principles viz. the restriction of succession of the newly created hereditary tenants to a single preferred heir so as to prevent fresh sub-division of holdings and multiplication of tenant-cum-labourers in the future; secondly, the recognition in land law that any interest in land whether of the zamindar or the tenants derives its justification only from his contribution to cultivation as an economic enterprise. Neither the incidents of feudalism which were bolstered up by promises and pledges as in Oudh nor the notions of the landed estates as a field for obtaining monetary returns, which prevail in Andhra, have any place now in the face of the enormous pressure on the land and the national interest in an intensive exploitation of every bit of available cultural land which only the magic of property, regulated by collective control of village groves and pastures and by certain other customary rights, can alone ensure. This is not only the justification of granting hereditary rights to all statutory and *sir* tenants but also implies that the class of petty landholders

and tenants, who deserve special protection through the development of rural public works, a graded scale of land revenue and revision of the system of taxation, should not have the right to appropriate and manage lands above the size of economic holdings that cannot be directly cultivated by their families without importing hired labour, or without sub-letting.

In Bengal and Bihar, as a result of the license given for sub-infeudation and transfer and the failure of the measures devised to discourage sub-letting by ryots, many of the latter have been converted virtually into rent-receivers and middlemen while the actual cultivators are converted into under-ryots without adequate security. Throughout Bengal **under-ryot** and produce-paying tenancies have increased during the last few decades and the Amending Act of 1928 has but dealt with these problems partially. An under-ryot in Bengal who holds land immediately under ryot for 12 years continuously is given full occupancy rights. He is protected by law against eviction, or on failure to pay an enhanced rent, sanctioned by courts of law. The under-ryot has all the privileges of the occupancy ryot excepting the rights of transfer and sub-infeudation.

Metayers

During the greater part of the 19th century, the landlords of Bihar took advantage of the population pressure, emigration and the cultivation of special crops such as indigo, cane, tobacco and potato to maintain the system of payment in kind and push rents up to the competitive level. Though the produce-rent system gave the **zamindar** sufficient interest to keep up the dams, embankments, and means of irrigation in tracts of precarious rainfall, yet it proved obnoxious and oppressive and has been to a large extent superseded by cash rent. One of the proposed reforms being considered in Bihar is the complete abolition of all grain rents and substitution of cash instead. Produce-paying tenancies have, however, recently spread more in Bengal especially Western Bengal. Here also crops are relatively uncertain, on account of flood and uncertain rainfall; and the higher castes, which would not drive the plough, dominate. The provisions of the Act of 1928, however, have recognised only the cultivators who pay a fixed quantity of produce as ryots are under ryots who are given protection. On the other hand, the **bhagchasis** or **bargadars**, who pay a proportion of the produce that varies from district to district according to custom and agricultural circumstances, and who form a large section of produce-paying cultivators, holding the same lands through several generations, have been left unprotected by the amended Act. Both custom and High Court judgments seem to indicate

that **bargadars** and **bhagchasis** are tenants rather than hired farmers. A healthy system of mortgage, as in France or Italy, rests on a sharing of risks between the owner of the land and its tiller; yet according to this amendment this is enough to relegate the peasant to the status of a mere tenant-at-will or labourer. Thus the legal definition of the **bhagchasi** or **bargadar** as one who undertakes risks of cultivation has killed him economically. Further, the Amending Act has abolished the commutation of produce rent. It is true that commutation has been a source of friction and litigation between proprietors or tenants of land and actual cultivators, but commutation has hitherto strengthened the claim of the latter for elevation to the status of tenants as opposed to labourers or partners. It is thus clear that the power of transfer, mortgage and lease of occupancy right has in Bengal created a new non-cultivating and rent-receiving class from among the ryots, led to the transfer of a right that was especially intended for actual tillers of the soil to the middle and money-lending classes, and reduced a large proportion of cultivators to the status of landless labourers.

Sub-Leases by Tenants in Bengal, the U. P. and the C. P.

The law in the **Zamindari** Provinces has not only failed to check but has actually encouraged sub-leases. Thus wherever the tenant's rents admit scope for sub-letting at a profit to sub-tenant and sub-tenants, mortgages multiply. In certain districts in Central Bengal, such as Jessore, the under-ryots, as we have seen, actually exceed the number of ryots. Under-ryots in Bengal now enjoy practically all the privileges of the latter, excepting the rights of transfer and sub-infeudation. The legal peasant of Bengal thus has transformed himself into a middleman. In the United Provinces the big landlord encourages sub-letting, for the change is often to his advantage; while both large and small proprietors have fully exploited the provision of the recent law relating to the accrual of **sir-rights**. **Sir-rights** are special rights for proprietors originally intended for the actual tillers of the soil. Since non-occupancy or statutory rights can accrue in **sir-lands**, the **zamindars** cling to these with remarkable pertinacity and evade the restrictions for the extension of their **sir** in order to sub-let these at very high rents. More **sir-land** in the United Provinces implies the persistence of a large number of rack-rented and unprotected tenants and the evils of under-cultivation and sub-letting.

The provisions of the law restricting mortgage and sub-lease of tenant right are also inadequate in all **Zamindari** Pro-

vinces, with the result that the money-lender has entered by the back door, the economic status of the tenant has been depressed and there has been under-cultivation. It is desirable that both in Bengal and United Provinces more effective laws restricting transfer, mortgage and lease are necessary, if the small cultivating proprietor or tenant is not to give place to a non-cultivating, rent-receiving and moneyed class. The distribution of land among the several classes, the efficiency of the cultivators, the facilities of credit to which they have access—all these will determine both the form as well as the character of such restrictions. As long ago as 1880 the Rent-law Commission recommended that occupancy holdings should not be mortgaged, and that the right of occupancy, though saleable in execution of a decree for its own rent, should not be saleable in execution of any other decree. In the Central Provinces the occupancy tenant has no right to transfer or mortgage except to a co-sharer or to a person in the special line of heirs as defined, and sub-letting is permitted for one year only. The Central Provinces Act of 1920, which drastically forbids sub-letting, also includes a provision that where it is found that tenants are habitually sub-letting the lands, the Local Government may, by notification, declare that in such cases revenue officers clothed with this special power may pronounce the sub-tenant to have the right, of an occupancy tenant, and he therefore, will be deemed to be an occupancy tenant with all his statutory rights, not only against the tenant but also against the landlord.

Need of Restriction of Transfer, Mortgage or Sale of Tenancies

Restriction of transfer, mortgage or sale, though it may mean and abridgement of credit for the cultivator, does not ultimately affect the prospects of agriculture. There is on the whole a greater balance of good from the principle of keeping the cultivator to his soil and holding as the basis on which other necessary legal and economic adjustments should be built up. Both thrift as well as stabilised interest of the cultivator in his holding gradually improve credit and establish it on firmer foundations. Unrestricted transfer in the face of a progressive fractionalisation of holdings provides the opportunity for the non-agriculturist money-lenders. The unsuccessful or unthrifty cultivator whose land is below the minimum economic size—and the majority of proprietors and tenants of Northern India possess uneconomic holdings—forces up credit and does good neither to himself nor to his land. The needs of long term credit for both small proprietors and

tenants could be met by a measure that gives the cultivating proprietor or occupancy tenant the right of mortgage and sale in favour of and through a co-operative credit society or land mortgage bank. For an ordinary tenant the purchase of an occupancy right is now permissible in the United Provinces. Thus a co-operative credit society or land mortgage bank may be permitted to lend to an ordinary tenant the money necessary for this purpose on the security of the occupancy holding which he will thus obtain; thereafter he will be able to command long term credit in the same manner as any other occupancy tenant. It is thus that, while such restriction of transfer and mortgage of land will prevent the multiplication of a rent-receiving class and the danger of under-cultivation when the magic of property will no longer be there, credit will be regulated and made to flow into channels for the permanent improvement of the land.

Emergence of Absentee Landlordism and Unprotected Tenancy in the Ryotwari Provinces

The above economic considerations relating to the restriction of transfer, mortgage or sale for the protection of small farming apply also to the **ryotwari** areas or areas of peasant proprietorship like Madras and Bombay and the Punjab. In fact the classification of land systems in India into **zamindari** and **ryotwari** or similar systems is apt to be misleading. For in the United Provinces (excluding Kumaon), which is well-known as a **zamindari** Province, out of 1,228,980 persons who are in greater or less degree proprietors of land 1,110,000 pay land revenue of Rs. 100 or under. A large number of this class cultivate their own land and it is estimated that as much as one-fifth¹ of the total cultivated area of 35 million acres is in the cultivation of small-holders. On the other hand in the Punjab, which is described as the land of peasant proprietors, the West is the stronghold of the landlord as the East is the home of small cultivating proprietors and the landlord is too often an absentee.² The area under tenancy has been increasing. The number of persons living on agricultural rent increased from 626,000 to 1,008,000 during 1911-21. It is estimated that about 40 per cent of the cultivated area is in the hands of the owners of over 50 acres. On the other hand, out of about 4,000,000 landowners, 350,000 pay only Rs. 25 or over as land revenue; 65 per cent of the land owners pay less than Rs. 5 per annum. Further, out of a total cultivated area of about 29 million

1. Sir Malcolm Hailey's speech before the Agra Province Zamindars' Association, November 12, 1934.

2. Punjab Banking Enquiry Committee's Report, p. 7.

acres, 15 million acres are cultivated by tenants. The total number of tenants in 1931 stood at 1,128,014 as compared with 1,707,744 cultivating owners and 192,531 non-cultivating owners. Thus landlordism and uneconomic cultivation of tiny holdings by proprietors and tenants-at-will exist side by side. In Madras and Bombay the ryots can sub-let and the tenant under-ryot holders are unprotected. On the **zamindari** estates in Madras, every ryots who is admitted by the landlord to the possession of land has a permanent right of occupancy. There is no corresponding law, however, applicable to the tenants under the **ryotwari** cultivator either in Madras or in any of the Provinces where the **ryotwari** system is in force. Yet the number of tenants in the Madras Presidency, for instance, is quite large. In the following districts the percentage of cultivating tenants and dependents to the total agricultural population exceed 12 per cent: Vizagapatam (43.5), Ganjam (23.5), Chittoor (23.4), Godavari (18.8), Nellore (16.2), Tinnevely (15.9) and Tanjore (13.3).¹ In the deltas there are considerable areas of **ryotwari** land sub-let by the absentee ryots while land held by Brahmans and all trust properties are commonly sub-let.² In some districts the number of cultivating owners tends to decrease and that of tenants to increase. Thus in Tinnevely during the five years 1907-12 the percentage of cultivating tenants increased from 2.7 to 7.7. The tenant, who is absolutely unprotected, has almost the same economic status as that of a farm labourer. Sub-letting is generally on a partnership basis; seeds, cattle and implements are usually supplied by the landlord who obtains 40 to 60 per cent of the yield. "Thus the tenant commonly goes on from year to year eking out a precarious living on such terms," observe the Banking Enquiry Committee. Settlement figures indicate that the rates of rental to assessment vary from 5 to 16 times in such districts as Vizagapatam, Tanjore and Trichinopoly and such rentals are on the increase due to the competition for land.³

In Bombay the census of 1931 shows that the number of tenant cultivators is larger than that of cultivating owners and they represent 23.8 per cent of the total agricultural population; the percentage of the latter being 17.6. There is no tenancy law in Bombay, tenancy in the Province being generally governed by customary law and ordinarily presumed to be annual.

1. Report of the Indian Taxation and Enquiry Committee, Vol. II, Appendix.

2. Provincial Banking Enquiry Committee, Madras, p. 14.

3. Mukherjee, Land Problems of India, pp. 148 and 200-01.

In the Punjab, in Madras and in Bombay, we accordingly see a trend against which Akbar's revenue policy decidedly warned the Collectors, viz., that lands held by cultivating proprietors should not be permitted by them to be held and cultivated by tenants.

Need of Protective Tenancy Legislation in the Ryotwari Provinces

It is desirable that the different provinces of India where tenancy is emerging into increasing significance should be brought into line with one another by making occupancy rights universal, by introducing the Roster Year system for fixing genuine, adequate and stable rents over a fixed period of years based on a classification of the soils and elaborate analysis of rents and economic conditions and by limiting the tenant's rights to transfer, sub-let or mortgage. Apart from establishing similar tenants' status for Bengal, Bihar, Orissa, Chota Nagpur, Agra and Oudh, tenancies which have become increasingly more important in Madras, Bombay and the Punjab require more protection or at least must be governed by positive law and not left to be determined by local custom or scattered enactments.

The **Zamindari** Tenure in Madras, on which the total extent of land is 19 million acres as compared with 27 million acres under the **ryotwari**, exhibits the same problems of spend-thrift land management as in Agra and Oudh, which should be tackled on similar lines. In the Madras **Zamindari** Tenure, tenants hold of the **zamindar** on payment of a fixed rent. They have an occupancy right which is alienable without restriction, the ryot being liable to eviction only for non-payment of rent and for rendering the land unfit for cultivation. The **zamindar** has, however, certain small home-farm lands which he may cultivate himself or lease to tenants-at-will who have no saleable interest. Tenancy is also important in Malabar and South Kanara. Under the "Janmi", who pays assessment to the Government in Malabar, is the **Kanamdar** whose position is very much similar to that of the Oudh tenant before the Act of 1921. He holds on a twelve years' lease only and can be turned out at the expiry of this period only on payment of the cost of any improvement he may have effected in the land. The **Kanamdar** may himself cultivate or he may sub-let to a tenant-at-will. In South Kanara, again, there are occupancy tenants and tenants-at-will under the **Mulawargdar** who pays assessments to the Government. Similarly, in Bombay, ryots who hold land under the **Talukdars** in Gujrat but possess no proprietary interest in the soil, and the **Haris** who cultivate cus-

tomarily on **batal** under the **zamindars** in Sind, need protection much on the same lines as the tenants in the **zamindari** areas of Northern India. Again, wherever the small-holders in Madras, Bombay and the Punjab who hold land directly under the Government have the power of transfer and lease, tenants-at-will have increased the number and ryots sometimes have become absentee landlords. In the deltas of the Madras Presidency, in Konkan and in the colony districts of the Punjab the proportion of tenant population is on the increase. The Punjab Government have now sternly set their face against peasant grantees in the canal colonies who have become absentee landlords and in the Lower Bari Doab Colony, where most of the peasant grantees have held their grants for 15 years or more, confiscation of grants of incorrigible absentees is proposed.¹

Anomalous Position of Tenants-at-Will and Agricultural Partners

Economic surveys of some villages in the Punjab colony districts show that the area cultivated by tenants paying rent in cash or kind is gradually becoming larger, while changes in the tenants-at-will are frequent. The extension of the period of tenancy beyond eight years is quite rare, and, generally speaking, those tenants-at-will who cultivate small areas are replaced at quick intervals. It is natural that the land cultivated by them is worked with little care. The legal position of the tenant and the method of assessment of the landlord have both become anomalous. Under the **batai** system, which is largely in vogue, the produce-rent which the tenant pays often trenches upon his standard of living, as the Punjab Farm Accounts indicate abundantly. Yet when the landlord's net assets are considered for fixing the land revenue, which is a quarter of the assets, the share left to the tenant is not considered at all from the point of view as to whether it is an economic or a rack rent. While the method of assessment gives due consideration to the cultivating proprietor's and landlord's net assets after deducting his costs of living and farming, the lack of legal recognition of **batai** has meant that such assets often encroach upon the living wages of the actual tiller of the soil.

In Madras and Bombay, as well as in the Punjab, when the owner becomes an absentee and there is a sharing of the agricultural produce it is difficult to distinguish between an agricultural labourer and a tenant-at-will. Protection can only

1. Annual Report of the Punjab Colonies, 1933.

be secured through a formal recognition of all agricultural co-partners paying either a proportion or a fixed quantity of produce as tenants, and the grant of ryoti or occupancy right to all sub-tenants who show a better status than that of their hired farm hands by their invariable possession of plough cattle, or who at least have held the land continuously for a term of years. This may be preceded by an offer to the small proprietor to resume cultivation of the land instead of living as a rent receiver. Professional and other classes have been inclined to invest their savings in land owing to the social status and the security which the land offers. On the other hand a class of idle rent receivers who do not work on their land have been recruited during the last 30 years from the richer agriculturists, who have profited from the appreciation of land values due to the rise in the prices of agricultural produce. At the same time the growing population pressure and the competition for land are responsible for a continuous supply of agricultural labourers and sub-tenants who till the soil under the occupancy tenant, ryot or owner who sub-lets. The process of sub-letting by the peasantry inevitably paves the way for the pernicious cottier system. This happened in Ireland where, in some area, as many as five or six degrees of interest intervened between the proprietor and the actual cultivator. This array has been far out-stripped in Eastern Bengal, where proprietary rights are quite commonly found seven and eight deep and in some cases 12, 15 or 17 tenure holders are recorded one below the other. Under-ryots are also very common and many of them sub-let, and these are ryots of the second degree and ryots of the third degree. In India as a whole agrarian history is repeating itself, and it is incumbent on us not to neglect the hardly-won lessons derived from it. A greater population pressure has led to a more acute situation in more than one Province.

Precedent in Agricultural Germany

According to the Reich Inherited Freehold Act passed by Hitler's Government in Germany the inherited freehold is large enough to guarantee family subsistence and a decent standard of living to the yeoman, while it may not be larger than 125 hectares (310 acres). The Reich Government desires the maintenance of the yeomanry as the source of new blood by safeguarding old inheritance customs which prevent over-indebtedness and fragmentation of the family holdings in the hand of free yeomen. There is to be an optimum distribution of farm sizes. While small holdings are expanding at the expense of neighbouring estates these cannot over-step the

optimum size, and are never permitted to be sub-let nor used for securing loans.

Hereditary Rights for all Sir-tenants and Sub-tenants

The creation of hereditary rights for statutory or non-occupancy tenants and the retention of large acres of **bakast** and **Sir** lands represent a mixture which shows a weak compromise in the Zamindari Provinces. If the newly created hereditary tenant rights have to be conserved, the closed farm inheritance custom of Europe has to be adopted, while any further extension of **Sir** rights will aggravate the agricultural labour situation. Along with the safeguarding of tenure for self-cultivating proprietors and tenants also, the hereditary rights should also be conferred on all kinds of tenants, tenants in all **sir** lands not directly cultivated by **zamindars** whether large or small, and sub-tenants of occupancy tenants and the stabilisation of agricultural labour conditions. Sub-letting is the crux of modern agrarian legislation and the extent of letting and sub-letting land in this Province can easily be gauged from the fact that in the U.P. (excluding Kumaun and Tehri-Garhwal) while the actual number of landlords whose principal source was tenants' rent increased by no less than 78% in 1911-1931, those who derive most income from their own cultivation actually declined by 4%. It is no less striking that while about 400,000 tenants disappeared, being converted into agricultural labourers between 1911-1931, the loss is less marked (1 per cent.) in the case of those who sub-let and derive their income from higher rents paid by sub-tenants than of cultivating tenants (who declined by 3%). Perhaps prior measures of debt relief or liquidation and rehabilitation of co-operative credit could have enabled the Government to tackle sub-letting more systematically.

Need of Stabilisation of the Agrarian Proletariat

The presence of a considerable land-hungry, agricultural labour population who are fast coming in line with the urban proletariat not only depresses wages and standards of farming and living in the country side but facilitates the conversion of a farmer into an intermediary and rent receiver, especially where different grades of tenants are recognised on account of special circumstances or history, and sub-letting cannot be restricted in practice due to the exigencies of credit and the enormous competition for land. This should compel the consideration of constituting and maintaining economic holdings

from a new angle and of measures relating to liquidation of debts and prevention of transfer of holdings, in fact of all the proposals which have been suggested by the Sub-Committee on rural finance as a part and parcel of the agrarian reforms. Finally, it focusses the importance of a drastic prohibition of sub-letting as the only effective means of preventing further class antagonisms between the higher and the lower peasantry from developing after the present antagonisms between the peasantry and the landlords are liquidated.

The peasant-proprietor and the cultivating tenant constitute the strong, flexible arms of the country but its backbone is represented by the toiling, un-organised and long suffering farm hand and agriculturer labourer. The experience of accrual of occupancy status in Bengal, Bihar and Orissa and the C.P. has been that unless steps are taken betimes both to safeguard the integrity of economic holdings and to prevent the transformation of legal peasants into petty middlemen and intermediaries; the depression of the classes of unprotected tenantry, farm-hands and agricultural labourers would soon create a difficult agrarian situation at the bottom of the social fabric. This is not agrarian socialism, but the verdict of agrarian history, which demands serious attention of the present administrators.

NOTE ON RENT, REVENUE AND THE UNECONOMIC HOLDING

By

DR. RADHAKAMAL MUKERJEE

Protection against Rent Enhancement.

The question of the security of tenure is intimately connected with that of fair and stable rents, and this is the chief reason why tenancy legislation in Bengal, Agra and Oudh has for one of its chief objects the prevention of sudden rise of rents and levy of **nazaranas** which are in essence the capitalisation of the increase of rent. Legislation, however, has not hindered enhancement and eviction, especially in the United Provinces. Even in Bengal, where the rent of occupancy holdings can be enhanced only for certain specified reasons, the courts have not been sure about limiting uneconomic enhancements. In the case of under-ryots, who hold for a fixed period or at the will of the landlord, the rents are pitched extremely high. Out of the total land revenue of Rs. 18 crores realised in Bengal, the occupancy ryots pay about Rs. 8 crores and the under-ryots, whose scale of rents is higher, pay Rs. 3½ crores. According to the Act of 1928 the permissible rate of contractional enhancement in the case of the under-ryots is 4 as. per rupee of the previous rent as compared with only 2 as. in the case of the occupancy ryot. The rent-rates paid by the **bargadars**, **bhagdars** and **adhiars** are even higher. If the rent-rate payable by the actual tiller of the soil could be fixed, such a measure by itself would eliminate several grades of intermediary interests in the soil. Rent rates in Bihar have also been on the whole on a higher level than in Bengal. Produce rents have been on the increase in Bihar during the last few decades and in some districts in western Bengal, and these represent twice or three times the money rent for similar land. There is also a marked divergence in recent years between old occupancy rents and competitive rents for ordinary tenants in Bengal, Bihar, and the United Provinces, where in some districts rents of ordinary tenants are even double those of stable tenants and are still on the increase, the indirect effects have been to threaten occupancy status, promote sub-letting and perpetuate the evil of **nazarana** of all kinds.

Sir Malcolm Hailey observes: "Previous tenant movements were in the main confined to demands for stability of tenure

on the part of the cultivator; we shall now probably see an increasing movement for state intervention in the adjustment of rentals".¹ He also points out the analogy with Ireland, where the initial demand was for fixing of tenure and right of transfer of tenant rights; it was followed by a demand for fair rents and finally for land purchase.

Principles of Agricultural Costing as Determining Economic Rents

As measures for the introduction and stabilisation of occupancy should be introduced to **ryotwari** and other areas where tenancies have recently developed and are as yet inadequately protected, so the economic principles which now guide the calculation of the costs and profits of agriculture in the **ryotwari** areas should be applied to Northern India, and it may be profitable to provide for a machinery of determination of rents in Bengal, Bihar and Orissa like that now governing the United Provinces, the Central Provinces, and the **ryotwari** Provinces, instead of allowing rents to be governed by court decisions or by mutual adjustment between landlords and cultivators. It is true that the pitch of assessment is not well adjusted to changes of agricultural conditions in the **ryotwari** area. This is indicated by the increase of coercive processes of different kinds in Madras, for instance, from 909,356 to 1,139,377, and rise in the number of defaulters where properties were sold from 6,330 to 10,062, that are associated with agrarian unsettlement. Similarly in the Punjab, due to the same cause, i.e., economic depression and fall in the prices of agricultural produce, the number of coercive processes increased from 10,969 as the average of 1924-27 to 30,000 in 1932.

A recent investigation into the economic condition of the agriculturists in certain districts of the Province of Madras has shown that in most rural parts the value of the agricultural produce is insufficient, after meeting the demands of the Government revenue, for the maintenance of the agriculturists, so that while a few rich people get richer and a small number remain on the margin of subsistence, the majority are running into debt and losing their hold on land which is frequently changing hands. The system of land revenue is based too much on average (average rain-fall, average supply of water, average out-turns, average prices, etc.). The inelasticity of the system leads to low production and indebtedness. It is

1. India—1933. A Review, 1933.

antiquated, and is not in keeping with the trend of land revenue policy in civilised countries. Land revenue in India is much heavier in its incidence than other taxes.¹ Yet through many mistakes of over-assessment in Madras, Bombay and the Punjab, due to under-estimating the total cost of production and ignoring the cultivators' profits while over-estimating the gross produce and the benefits derived from land improvements and irrigation projects, certain general principles of agricultural costing and determination of the cultivator's real economic surplus have emerged. For the assessment of a fair land revenue the Settlement or Roster Year Officer, in estimating the net produce, should make a liberal allowance for the true and full expenses of cultivation, the labour of the cultivator and his family, the interest on the capital he borrows from season to season to carry on his agricultural operation, the depreciation of agricultural capital and livestock and insurance against the inevitable risks of agriculture in the Indian climate; the State also should return the land revenue in the form of benefits which may increase the efficiency as well as the comfort and amenities of life of the cultivator.

The Agricultural Depression and the Scale of Land Assessment

The long-term fixed settlement of land revenue in the past permitted proprietors to benefit from the extension of cultivation during a period of stable and rising prices. Government could not increase land revenue during the currency of a settlement and the incidence of land revenue became comparatively slight. The long-term settlement without a reform of tenancy led, however, to the loss of revenue for the State as well as the loss of profits for the peasants. But the unprecedented slump in prices has changed the position altogether. The incidence of land revenue has become heavy and there have resulted not only striking disparities in the actual pitch of assessments between the old and the newly-settled districts, but also rack-renting by proprietors with its inevitable disturbance of social relations. In a period of continually falling prices a long term settlement will have its disadvantages,* although the short term settlement would discourage improvements of land by the proprietors and throw the larger share of this burden on the State. The increase of the burden of

1. Report of the Committee, p. 99.

* Compare in this connection Sir Reginald Craddock's speech in the Imperial Legislative Council, February 27, 1914, and Sir Malcolm Hailey's speech before the Agra Province Zamindars' Association, November 12, 1934.

revenue, the loss of purchasing power of the agricultural population and the dislocation of finance have compelled many Provincial Governments to make remissions of land revenue. In the United Provinces the Government have granted remission and reduction in revenue to the extent of 25 per cent and have recently fixed the land revenue for the full period of 40 years, as laid down in the Land Revenue Act which has also been amended, giving power to the Settlement or Revising Officer to modify the recorded rents of all grades of tenants according to the prevailing level of prices. In the Punjab, a sliding scale of assessments based on index numbers also has been recently introduced. The system devised for Lyallpur and Sheikhpora districts in the Punjab is of great significance in this connection, as this represents a careful yearly adjustment of assessments to the changing trends of market prices, which would greatly help in regulating the tax burden according to the payer's ability if the movement of the costs of agriculture from the base year be given adequate consideration.

Need of Fixation of Normal Profits and Size of Economic Holdings

Such general principles in agricultural economics are already being incorporated in Settlement Acts and Codes of the *ryotwari* Provinces, and these should guide the rent policy of the whole of India. No doubt the assessment of fair land revenues, irrigation rates and rents, making these correspond with the level of prices year by year and district by district, are very intricate matters demanding the use of index numbers of prices, wages, and rents, the fixation of a normal year for comparisons and the correlation of the cost of agriculture, fall in prices and net profits of the farmer in each agricultural region. In such calculations the agricultural economist with his expert training and techniques may usefully serve the Government and the people. Nor should the fear of an unsteady revenue with the attendant difficulty of framing a budget justify inaction. For in the present economic world, where economic conditions and prices are so fluctuating, it cannot be expected that the land revenue might be insured against charge without serious detriment to the purchasing power of the cultivators. But even if all is done, the pitch of revenue or rent may yet be too high, a considerable proportion of the holdings in India being uneconomic and yet being fractionalised. A scheme of exemption of uneconomic holdings from taxation and from sale on account of moneylender's decree which was first proposed by the present writer before *the Indian Taxation Inquiry Committee*, and has since then

been adopted by some agricultural and political parties¹, will lead to a serious shrinkage of land revenue income even though it may be offset by a progressive taxation of holdings which are larger than the economic cultivation unit and are hired out, as adopted in the cantons of Switzerland.

Several countries have adopted taxation of agricultural profits which does not encroach upon necessities. In 1917 France introduced an income-tax on agricultural profits as distinguished from land proprietorship at the rate of 3½ per cent. In England the assessment of farmer's profits was at one-third of the annual value before the last war, and the great majority of the farmers were virtually exempt from all payment. During the last war the basis of assessment of farmer's profits was raised to the full annual value. In Russia the Soviet Law completely exempts from taxation the holdings of the poorest peasants, which form 35 per cent of the total peasant population. The middle peasants, forming about 61 per cent of the total, and the kulaki who form 4 per cent are subject to a rather steeply progressive rate of taxation. By a process of liberal support of small cultivators and by the organization of Co-operative Societies which will unite them for the purchase of seeds, cattle and ploughs and for agricultural marketing the small holders could be saved from exploitation and could make a living out of farming.

Exemption of Uneconomic Holdings from the Payment of Rent or Revenue.

The exemption of uneconomic holdings from the payment of rent or revenue is accordingly based on the following considerations:—

- (1) The cultivating proprietor or tenant of an uneconomic holding consumes all the produce of his fields and he has to supplement it by the wages of his labour. He is a subsistence farmer-cum-cottage worker. With the decay of cottage and rural industries any payment of rent or revenue that he makes renders him unable to invest capital in the land; it trenches upon his standard of farming and reduces the physical efficiency of himself and his family.

1. In Bengal a section of the Bengal Agricultural Debtors' Act adjudicates certain debtors as insolvent and to exempt one acre of their holdings from sale. This is intended to prevent cultivators from drifting into the position of landless labourers or economic serfs by retaining at least their houses and some plots, however small.

- (2) Discrimination is shown in the incidence of income-tax in India and elsewhere by admitting the principles of exemption and graduation.
- (3) The rise of prices of agricultural produce does not benefit cultivators of under-sized holdings.
- (4) The presence of considerable numbers of small tenants or holders who can be hired for work in bigger holdings encourages sub-letting, which should be drastically restricted for the protection of present farming.
- (5) Competition for land and economic pressure together with lack of alternative employment have reached such a pitch in the zamindari provinces that the operation of ordinary tenancy law is powerless to limit the rent which the landlords may command. In the ryotwari provinces as well the growing population pressure is also responsible for the development of lease and the metayer system on disadvantageous terms.
- (6) Rent and revenue on undersized holdings are responsible for the gradual transfer of holdings from agriculturists to the money-lending or middle classes who have other sources of income in India.

Constitution of Economic Holdings

Province by province, the Government after systematic regional enquiries should find out the size of the economic holding. Its extent must be such that a family of medium size can cultivate it effectively and in any case it must not be less than 3 acres. By law the Government must also adopt compulsory re-stripping operations so as to establish an area suitable for normal small farming. Recent investigations have shown that in the major provinces more than 50 per cent of the holdings are uneconomic; the incredibly small scale in which cultivation is now carried on in the heavily populated zones can hardly be called normal farming.

Accordingly

- (1) The amalgamation of small holdings, provided the total area does not exceed the size of the economic cultivation unit, should be deemed a necessary return to the normal.
- (2) Each cultivator participating in the re-stripping should receive, out of the re-grouped area, in exchange for his old property, an area of land of equal value and

equal quality with that which he possessed before the exchange.

- (3) At the time of re-stripping the law should also effect the liquidation of all easements and the regulation of roads and paths, as well as the provision of a general constructive plan for the rural unit created by the re-stripping of the lands.
- (4) All uneconomic holdings should be pooled together to make the size of the economic cultivation unit. Where such consolidation is impossible, collective farming through the pooling of bullocks and implements should be compulsorily introduced. The Collective Farming Society will pay the rent or revenue. This programme would depend for its success upon rural industrialisation, which could provide an alternative to agriculture as a means of subsistence. It will also counteract a serious reduction of the land revenue income, if at the same time a progressive rate of taxation of agricultural incomes should weigh heavily upon landlords, lessees and all kinds of intermediaries as well as rich peasants, who now habitually employ hired labour.

Indivisibility and Inalienability of Economic Holdings

An economic cultivation unit thus constituted should be protected against further sub-division. In the case of **Zamindari** areas, no transfer of occupancy rights should be permitted by the landlord where the land may be reduced below the size of the economic cultivation unit.

In both zamindari and ryotwari areas the adoption of law of preferred heir would prevent the fractionalisation of economic cultivation units. Only the eldest or youngest son should succeed to the undivided holding. The inheriting son will be obliged to give the other sons primary education and the daughters dowries upon marriage. The other sons may return to the holding in case of lack of economic opportunity but will obtain only wages as these hired labourers at the discretion of the inheriting son.

The economic family holding thus constituted should be non-alienable. This will be in line with the law of the Reich. Mortgages and land debts may only be entered in the form of debts repayable by instalments and not capable of being called in; the mortgage of land debt as a rule is discouraged or its amount limited by legislation. The grantee of the family holding may require the consent of the State to the entry of a

right of usufruct (tenancy), a land easement, a limited personal easement, or a real encumbrance, when it is compatible with the rules of normal working, and it does not diminish or impair essentially the effective character of the family holding. A limit of indebtedness may be entered for mortgages, land debts and land revenues encumbering the family holding. Distraint on the family holding in respect of a personal debt may be disallowed.

In Germany the Reich Government has devised the maintenance of the yeomanry as the source of new blood by safeguarding old inheritance customs which prevent over-indebtedness and parcellization of the family holdings in the hand of free yeomen. There is to be an optimum distribution of farm sizes. The yeoman may be the possessor of only one inherited freehold which must be large enough at least to provide a family living and may not be larger than 125 hectares (i.e. 310 acres). Only he who possesses and farms such a holding may be called "yeomen" (Baner). The inherited freehold may not be used to secure loans; for loans the farmer has only his personal credit. He has no inheritance and real estate acquisition tax to pay. A moratorium against foreclosures in connection with real estate debts already assured is automatically declared upon the entrance of the "inherited freehold" into the "Inherited Freehold Register," which is kept in special courts called Inherited Freehold Courts that have been established to arbitrate questions arising from the entry of a holding as an "inherited freehold" or in the course of subsequent inheritance.

In India over-indebtedness and fractionalisation of holdings could be effectively prevented by means of such legislation as has been recently undertaken according to the Nazi ideology of "blood and soil". Special land courts have also to be established to go into the whole question of re-stripment, consolidation and inheritance.

AGRICULTURAL LABOUR POLICY

By

RADHAKAMAL MUKHERJEE

The economic structure of a predominantly agricultural country like India is to be judged by the number and unemployment of agricultural labourers and the landless class generally. A considerable landless population cheapens labour relatively to capital and delays the introduction of improved agricultural methods and appliances. On the other hand, unemployment in the village lowers industrial wages and postpones schemes of housing, education and social amelioration in the towns. The proportion of agricultural labourers to cultivators has increased considerably in the last decade in India as the following figures would indicate:—

1921.		1931.	
Workers. Farm servants Plus Field Labourers.	Ordinary Cultivators.	Principal Occupation. Agricultural labours.	Actual Workers, Cultivating owners. Plus tenant culti- vators.
Total			
Figures 21,676,107	74,664,886	24,925,357	61,180,004
Ratio 291	1,000	407	1,000

We find in 1931 that to every 1,000 cultivators there are 466 agricultural labourers, a very much higher ratio than in 1921. If we take the 1931 figures of cultivating owners and tenant cultivators, both principal and dependent, and compare them with the number of those who returned agricultural labour as their principal occupation, the resultant ratio is 407 agricultural labourers to every 1,000 cultivators. In any case the change in ratio is somewhat remarkable even when adopting the lowest ratio which can be compared with that of 1921. The explanation, according to the Census Commissioner, is that a large increase has taken place in the agricultural population without a corresponding increase in actual holders of land, whether as tenants or owners, though it is likely that a concentration of land in the hands of non-cultivating owners is also taking place.¹

¹ *Census of India 1931, part D, Report page 288.*

The following table will be of interest for comparison:—

Province.	Number of Agricultural Labourers. (Lakhs)	Increase between 1921-1931 Percentage.	Percentage of the total agricultural population.
U. P.	34	36	19
Bihar & Orissa	39.7	19	19
Bengal	27	50	28

In Bengal agricultural labourers now number 27 lakhs having increased by 50 per cent since 1921 when farm servants and field labourers numbered 18 lakhs. For every 2 cultivating owners in Bengal there is 1 agricultural labourer. We shall give a somewhat closer consideration to Bihar & Orissa where the agricultural labour situation partakes of the nature of serious crisis. But the same conditions are fast developing also in the major provinces. In Bihar and Orissa the number of agricultural labourers is 39.7 lakhs; these increased by 19 per cent between 1921 and 1931, and now form 19 per cent of the total agricultural population. For every 25 non-cultivating landlords and tenants, there are about 725 agricultural labourers in Bihar as compared with 200 labourers in the U.P. As the pressure of population on the soil increases and holdings become sub-divided and uneconomical, more tenants join the vast army of agricultural labourers, or become earth diggers and road-menders or leave for Bengal and Assam for domestic service, plantation and other labour. Many coolies who do earth work in winter are also agricultural labourers and if such unspecified labourers be included, the agricultural labour population in Bihar and Orissa would be not less than 50 lakhs out of 133 lakhs of agriculturists. The population of females is high, 75 per 100 male labourers in this group.

Various classes of "Harawahas" are discernible. Many hold plots of 1 to 2 bighas from landlords and tenants whose lands they cultivate and from whom they obtain meals daily. Sometimes they obtain the plough and bullocks from landlords and tenants and plough in their plots for two days and in their own plot for a single day. Below them in the economic scale are the permanent farm hands who obtain an anna a day and a seer of meal. But the lowest depth of degradation is touched by those "harawahas" who in return for a small loan incurred, say, for marriage become bond servants of their masters and their sons and wives as well would remain in servitude. In Muzaffarpur, Darbhanga, Bhagalpur and Monghyr such hereditary bond slaves still exist with a burden of debts going back

to five generations with 1 to 5 cottahs of bad land often given to them, and earning of an anna or $2\frac{1}{2}$ seers per diem, which he forfeits when there is no work in the field.

We may now turn to the Kamias of South Bihar and Chota Nagpur who have reached the lowest depth of serfdom. The Kamiauti Agreements Act is a dead letter. Oral indentures entered into on the Pous Sankranti still persist and the farm hands live like the Negro slaves bound hand and foot to the "Zamindar". The "Kamia" cannot escape from his clutches, for where can he find the cash to pay interest on the loan he has advanced not to speak of the repayment of principal? In Gaya while the ordinary "harawaha" earns 3 seers, the "kamia" obtains only $2\frac{1}{2}$ seers as wages.

A recent tour of investigation in Bihar following up a previous investigation in Chota-Nagpur fills us with sadness that such conditions of virtual slavery are still allowed to continue in the present Congress regime. Social disrepute and economic bondage are in nefarious combination in aid of the landlord-cum-money-lender for the servitude of a considerable population of Dusadhs, Chamars, Bhuiyas, Tatwas and aboriginal castes.

The path of reform is straight and clear. All debts of "harawahas" and "Kamias" extending beyond, say five years should be extinguished. Special legislation should be passed making it penal to keep bond servants or serfs. Public opinion should be so focussed and mobilised on this problem that all landlords and tenants declare on a fixed day that they set free all their bond servants as it has recently been done for the Dublas in Bombay. Agricultural wages paid in kind should be standardised, and perhaps minimum wages fixed at 5 as. per diem. It will be necessary also for Government to start a resettlement department, as in Italy and the U.S.A., for opening out new lands in North Bihar especially in Champaran, Purnea and Bhagalpur and also in Chota-Nagpur, Assam and the Central Provinces for colonisation by the discharged serfs. Collective farming societies should be organised which should pool bullocks, plough and seeds, and undertake agricultural operations in common. Finally, all cultivators who now work on "bata" should obtain the right of occupancy, provided they have been in continuous possession of holdings for 5 years or have homesteads in the villages. These are irreducible minimum demands which both the Kishan and Khet majdur movements must now insist upon.

In the U. P. the small tenants and "khet majdurs" have been assimilated into the same Kishan movement which has been the bulwark of the rights of tillers against landlords. In

Bihar there is a further class cleavage between the tenants, who would not till the land because of social prejudice or superiority and the agricultural labourers whom they treat sometimes even more harshly than big landlords.

One-fifth of the agricultural population, destitute of land, semi-slave and land-hungry, and a tripartite division of economic interests in the land has taken a more serious agrarian crisis in the province of Bihar than has developed elsewhere in India. Such a crisis which is also emerging in the other major Provinces demands wise, constructive land legislation and resettlement, which should no longer be delayed from fear of angering vested interests or from apathy towards the unvocal classes; for delay is bound to sow the seeds of an agrarian revolution.

The main features of a comprehensive policy which may prevent the increase of the landless class and lead to stabilisation of agricultural labour conditions may now be envisaged as follows:—

- (1) A programme of restripment and constitution of economic family holdings, which will be removed from the sphere of buying and selling as in the larger agricultural countries in Europe. The mortgage and sub-letting of such economic family holdings will have to be prohibited. More than anything else it is the uneconomic character of holdings, subjected to a process of continuous sub-division, which makes agriculture unremunerative and accounts for the increase of a destitute, land-less population.
- (2) Strict measures will have to be passed against the prevention of peasant proprietorship from degenerating into an inferior landlordism that may exploit the landless labourers. The principle has to be accepted that the peasant family in order that it may justify the protection of the State in the form of credit facilities and exemption from certain tax burdens should not occupy a holding of a size that may under normal conditions require permanent outside labour. Not merely Germany but other countries like Czechoslovakia, Poland, Hungary and Yugo-Slavia limit the maximum area of a peasant family holding. In Germany the dangers of farm family eviction and fractionalisation on agriculture and family integrity were so keenly felt, that the inherited freehold which, must be bequeathed undivided has now been established as the focus of the inalienable rights of the farmer to his farm unless he farms it against the inter-

est of the common good, and on the other hand the family is bound to the farm.

- (3) A systematic attempt should be made to rationalise produce-sharing tenancy. Metayers are sometimes regarded in India as tenants and sometimes as labourers. It is only the Bengal Tenancy Amendment Act which has given some protection to the metayers, but not to all classes of them. In certain parts of Bengal, Bihar, Orissa, Madras and the Punjab produce-sharers are rapidly and persistently multiplying, paying a share of the crop produce which is high in comparison with the cash rent. Their legal status must now be defined. All metayers who have been in continuous possession of a holding for five years or have homesteads in the villages should be given the occupancy status. Produce-sharing agreements should be regulated by the State and registered in the local courts. The half and half division of the agricultural produce should be insisted upon along with the conditions that the landlord should supply at least manures and live-stock, meet all irrigation expenses and provide for adequate housing of the tenants. Share tenancy agreements have stabilised farming in Italy, Spain and Southern France.
- (4) Collective Farming Societies should be established in villages wherever the landless population forms a considerable section of the total population. These societies would obtain land on tenant-lease from the landlords and parcel it out among the landless classes for their joint cultivation. These societies would pool bullocks, ploughs and seeds, carry on all agricultural operations in common and share the produce equitably according to the quota of labour from each family estimated by some pre-determined norm or standard. Some collective farming societies have been started in Bihar and their success shows that the Indian peasantry are responsive to the practices of joint farming and joint ownership and distribution of agricultural produce.
- (5) Steps should be taken to organise Agricultural Labour Unions in the country side, and minimum wage legislation and regulation of hours and conditions of employment should also be in view.
- (6) A planned policy of inter-provincial migration should be pursued. Assam, the Central Provinces and the North-Western Frontier Province are the provinces

where re-settlement and Agricultural Colonisation Departments should be established to direct and regulate the trends of migration. Seasonal migration within each province and from Bihar to Bengal and from Bengal to Assam should also be planned and directed so that there may not be a surplus agricultural labour which cannot find adequate employment in the province which receives emigrants.

- (7) In Bengal, Bihar and Orissa as well as in Oudh there are big landlord estates which are under-cultivated, while at a little distance there is great pressure on the land, resulting in the pitching up of rents, forced eviction and transfer and emigration of the landless class. Land purchase and redistribution by occupancy tenants have been a demand already set forth by the Bengal ryots. Bengal, which has been under the permanent settlement, now shows a revenue demand which is roughly only half of what it is in any other Province in India, although in all probability the income per capita of the population is greater than in any other Province. The benefits of the enormous extension of cultivation which has proceeded in many districts to the extent of 80 per cent of the cultivable area, have been appropriated by the landlords and intermediate tenure-holders having parallel rights and privileges, who as a class have not contributed much to permanent improvements of land. Land revenue has decreased from 90 per cent in 1793 to approximately 20 per cent at present. It may roughly be taken at Rs. 2.99 crores, while the rentals intercepted by the landlords, including the tenure holders, amount to Rs. 16 crores out of a total rental of Rs. 18 crores. This has left the State relatively inadequate resources for urgent measures of public health, irrigation, improvement of water-ways and education, which have been sadly neglected.

In Ireland the process of transfer of land to owner-operators continued steadily since 1885 under the schemes of land purchase and after the partition of Ireland, in both the new countries the re-vesting of small farms in their occupier was rapidly becoming universal. Hopeless tenants, remarks Hooker, by hundreds of thousands have been transformed into owners holding title to their farms, full payment for which was to be made through annuities much lower than their former rents. In the Irish Free State the price by the payment of which tenants could purchase their holdings was gradually reduced

from 23.33 times to 13.75 times the former annual rent. It is also possible for the present tenants to borrow the entire price of any farm purchased. What began as a series of loans on a purely business basis, with adequate safeguard for repayment, came more and more to include investments in public security from which full financial repayment was not expected. It is probable that the future land adjustment in Bengal will follow the lines in Ireland or those in Germany where, under the law of 1919, landlords are bound to join land transfer associations which have purchased properties fit for colonisation at reasonable prices up to a third of the cultivated area of the estates. Such transfer associations can buy at a fair price or expropriate lands that are under-cultivated, or estates of unusually large size, and give 5 per cent of the land for division among the agricultural labourers. In Denmark a similar policy of land purchase by tenants has been systematically encouraged since the war by the State through credit banks as well as direct subsidies. According to the recent laws the tenant does not pay any purchase money but is required to pay interest only on the value of the land. The minimum area that may be acquired is 5 acres, while the holding may not be transferred, mortgaged or sub-let without the authorisation of the Minister of Agriculture. The inheritance must be single and undivided. Purchase of rights of the landlords, and intermediate tenure holders, on similar lines as in Europe through land-mortgage banks and credit societies, or the State providing a portion of the purchase money or guaranteeing the payment of interest only on the value of the land, drastic restriction of lease and transfer by ryots and the conversion of all metayers or partial metayers (Bargadars or Bhagdars) into the status of occupancy ryots, will probably be the first steps in correcting the present maldistribution of land resources and creating cultivating tenure with healthy limitations in the interests of improved farming. Unless the evils of under-cultivation and rack-renting in the zamindari provinces are completely eliminated through the transformation of tenancy into farm occupancy as in Ireland or the establishment of the inherited family free-hold as in Germany the landless class will continue to exist and expand as a dangerous sore in the body politic.

APPENDIX III

MEMORANDUM ON LAND ASSESSMENT

By
PROF. N. G. RANGA

The defects of the present systems of Ryotwari land assessment:—

It acts as a tax upon the mere use of land and falls upon our peasants irrespective of their ability to bear it. It is supposed to absorb upto half of the net income from land but in actual practice it comes to absorb much more in too many cases. In view of the fact that most of our holdings are uneconomical in their size, farming systems and climatic conditions, it often encroaches upon even the costs of cultivation and so peasants are obliged to pay it from out of their legitimate earnings due to their own labour. Thus our peasants are being taxed upon their labour also. It is a premium placed upon the ownership of land, owner-cultivation and investments in land. Except for historical reasons, there seems to be no justification for its existence in our system of taxation.

Why Differentiate Against Agriculturists?

People of no other profession are thus taxed. Even profession tax levied by Municipalities has an exemption limit of Rs. 30. Income-Tax is levied only on incomes above the enormous exemption limit of Rs. 2,000. There is no conceivable justification for this land assessment which is levied on every piece of land occupied or cultivated, irrespective of its size, or its place in a holding or its capacity to yield a minimum income. Indeed it acts as an enormous differentiation against agriculturists and as such, ought not to be tolerated unless there can be shown some commensurate special advantage shown to or derived mostly by peasants by Government.

Extent of land being limited has a national scarcity value and so its use must be paid for is a powerful plea advanced by some people. First of all the mining royalties charged by Government are not on a par with land assessments because mining is undertaken invariably by big capitalists and their ability to pay the present nominal royalties is much greater and so they can afford to pay even much more. It is possible on most occasions for mine-owners to pass on the burden of

royalties to the consumers whereas peasants are often obliged to be content with uneconomical prices. Moreover, the total amount of mineral resources is much more limited than cultivable land and the number of workers employed in mining is microscopic when compared to the crores of peasants, not to speak of half as many more agricultural workers who are able to get a bare living from cultivation.

There may be some justification for charging for the use made of land if undue profits are realisable. But when scarcely bare subsistence can be eked out by most of our agriculturists, it is cruel to tax them on account of their ownership or use of land.

It is another matter to consider whether our present lands under occupation and cultivation cannot be put to much better use. It is certainly the duty of the State to see that best results are achieved from the cultivation of our lands. But in actual practice our peasants are so poor, ignorant and backward in their methods of cultivation that they need special assistance from government to enable them to use their lands to best advantage. There is certainly some justification for levying a cess upon agricultural production in order to specially finance such agricultural improvements.

There may be a great need for the State to prescribe the various conditions, regarding the crops to be raised, manures to be used, seasons of work to be observed, pests to be fought, storing, grading, and marketing of agricultural produce and it can prescribe and enforce penalties for failure to observe them. It may even insist upon some prescribed method of cultivation, mixed farming, subsidiary occupations. But all such regulation can be resorted to, in the wider interests of the nation but it cannot be a justification for land assessment.

Our Peasants are a National Asset

If one only cares to compare the standard of living (or may I say under-nourishment and clothing?) of our peasants with that of those in Europe, Australia, U.S.A., Canada and even Africa, one will be surprised how our peasants are content with so little while working so hard and producing such essential national utilities. It is most important to remember that the production of our food and other essential agricultural produce is as great a key-national service as the possession of land a national responsibility. Therefore, it is a short-sightedness to proceed to tax our poor peasants to land revenue for their use of lands without taking into consideration the great national and essential utilities they produce therefrom in return for such a small portion of our national income.

What is to be done:—The present system of land revenue must be abolished. Cultivated or occupied land, as such, must be relieved of the initial tax that falls upon it irrespective of the economic conditions of our peasants. It may mean a heavy loss to our provincial governments. But there is no escape from it. No state which does not wish to condemn itself to the status of the primitive barbarian state can possibly continue to tax people from out of their minimum resources needed to maintain them in body and soul. Just as prohibition has to be enforced in order to help a human being to remain human, so also land revenue ought to go if our peasants are to be enabled to keep for themselves at least the meagre earnings they scrape up.

Income-tax upon agricultural incomes:—But all agricultural incomes above a prescribed minimum ought to be made liable to pay income-tax in the same way as all non-agricultural incomes pay today. In regard to the exemption limit only need any distinction be made between these two kinds of incomes; that is, the exemption limit for agricultural incomes need only be half as much as that for non-agricultural incomes since the standard of living of peasants is much lower than that of the urban payees of income-tax.

How To Make Up the Loss of Revenue Caused Thereby?

First of all the present exemption limit for non-agricultural incomes ought to be lowered to Rs. 500 and that for agricultural incomes should be Rs. 250 net income. Secondly, a steeper and a more progressive rate of taxation may be imposed upon all incomes above Rs. 2,000. Thirdly, all unearned incomes ought to be made to bear a much higher rate above Rs. 5,000. Fourthly absentee landlords whose incomes from rents alone exceed Rs. 2,000 shall be subjected to a steeper rate. Whatever balance of loss there may be after these additional incomes are taken into account, must be borne by the society as a whole as a tribute to the ceaseless and onerous work of peasants in producing our raw materials under conditions of working which are most taxing.

What About Famine Relief?

Peasants can legitimately be expected to contribute at least $\frac{1}{4}$ of the cost of famine relief. It can be done by instituting a permanent famine insurance fund, to which both wet and dry lands will make their contributions of cess. Of course, it is but natural that wet lands which are more immune from the dire effects of vicissitudes of seasons ought to be made to pay

a higher rate of cess than dry lands. Though this cess also partakes of most of the defects of the present land revenue in regard to its incidence, it is permissible as it is intended for the sole purpose of protecting the agriculturists. Though we cannot make much distinction between different kinds of dry land on which various crops are raised, it is possible to charge varying rates of cess upon different commercial crops such as cotton, oil-seeds, sugar-cane.

Agricultural Improvements and Marketing

These also can be financed by specific cess imposed for the purpose and strictly proportioned to the needs of agriculture. Although it is also the duty of non-agricultural industries to bear this responsibility to some extent, agriculture can be expected to bear the major portion of its cost for the time being since non-agriculturist income is still not very much in proportion to agricultural wealth.

Land Records and Surveying

For some time to come, division of land as between the heirs of peasants and sale and bequeathal of lands will continue and the sub-division of land cannot be completely prevented. Therefore there is the need for periodical resurveys of holdings, fields and other lands and also the maintenance of up-to-date land records by the Revenue authorities. Since this is a work which is specially needed by peasants they can be expected to pay for it either by a nominal cess per acre or upon agricultural produce that finds a sale in a market.

Other cesses:—There is a great need for insuring cattle of peasantry. This can be done only if every peasant is obliged to pay for the insurance of all his cattle in the first instance. Though it is not a cess in so many words, it will act as such since every peasant owns some cattle. But it will be paid only in proportion to the number, quality and age of the cattle owned or tended. It is most important, if this insurance is to be cheap and assured, that it should be undertaken by the State in co-operation with our peasants and not left to be exploited by private agencies. The veterinary education, hospitals and utilisation of all bye-products of cattle when alive or when dead must be paid for from out of these insurance funds.

Will Not These Cesses Amount to as Great a Burden?

No. Because, whereas our peasants have no assurance that the land revenue collections will be utilised solely for

their own benefit, these cesses will be used specially for their own advancement and for the satisfaction of their own proved needs.

Administration of These Cesses

It is wrong to leave everything to the Provincial Governments even if they are headed by the so-called Popular Ministries for the control our peasants can be said to have over them is mostly theoretical. The procedure so far adopted by Government of India in regard to the management of cesses on cotton, lac, tea, coffee and rubber seems to assure a greater and nearer control over them for our kisans. But both small holders and agricultural workers must be given a predominant control over these funds and their utilisation. Then our kisans can feel a sense of satisfaction that they are controlling their own funds and using them for purposes decided upon by themselves.

But Government shall certainly have some voice first in settling the constitution of these Cess Committees, in determining the limits within which to impose cesses, method of imposing them on different kinds of lands, crops, and in administering the funds derived therefrom. Its representatives shall also have some seats on these Committees and help them to discharge their functions reasonably, efficiently and with a due sense of their national responsibilities. But Government alone shall have the power to appoint officers of the Agricultural and Veterinary and Marketing Departments while these Committees can always demand the transfer, investigation into the conduct of any of them. Moreover it is for these Committees to settle the grades of salaries and allowances to be paid for all the officers to be employed within certain prescribed maximum limits set by Government in consultation with them.

Collection of cesses:—It can be made either by Village Panchayats which will be established for all villages or by the Market Officers in charge of various markets or even at the export centres as the case may be. The experience of other cesses shows that there is no insuperable difficulty in this.

Net loss:—It will not at all be considerable. Whatever it may be, ought rightly be met by all the more prosperous urban and non-agricultural masses.

Its advantages:—Certainly this method of helping peasants to pay for the improvement and modernisation and higher productivity of their cultivation and the associated occupations

has the great advantage of placing the needs of agriculture for necessary research, protection from vicissitudes of seasons and pests and epidemics among cattle, and improvement of the productivity of their crops beyond the emergencies of government and the vagaries of different ministries and administrators. It will enable our agriculture to keep pace with that of the rest of the world and help our peasants in getting proper prices for their produce.

Irrigation:—This is a big need of our peasants and it has to be mostly paid for by them. It is true, indeed, most essential that the nation as a whole must be prepared to pledge its whole assets for raising the necessary capital for developing the irrigation needed by our peasants. Protective as well as Commercial Irrigation is needed.

Financing Irrigation:—The present distinction between productive and unproductive irrigation must be abolished. We may, if it is found necessary, distinguish between commercial and productive systems of irrigation, the former yielding more than the interest payable towards amortisation funds and renewals and the latter being intended mostly as a famine relief venture. Except for certain prescribed contributions to be made to the Irrigation Development Fund by Government from general revenues and the Famine Protection Cess Fund for the purpose of famine protection, the peasants who avail themselves of irrigation facilities must be willing to pay enough as irrigation and drainage cess to cover the amortisation charges and the maintenance and development of both irrigation and drainage works and projects. Of course there is considerable scope for retrenchment and lowering of salaries and allowances of the P.W.D. and also for the democratisation in the control over the distribution of water, etc. and also for eliminating the profits of contractors by developing co-operative labour corps to carry on the P.W.D. works. If found necessary, the administration of these funds may also be entrusted to a specially constituted Irrigation and Drainage Development Board on which Government will have an effective voice.

Distribution of Burdens Between Different Peasants

In regard to all those peasants whose regions are not so much within the famine zones, higher water cess rates can and ought to be collected than in the case of those who are within the famine zones. These cesses ought not to be varied from year to year but a quinquennial review of the finances of the I.D.D. Board may be made and the scales of cesses to be charged may be varied with the permission of the Govern-

ment. There is no need to accumulate huge reserves but at the same time there must be sufficient reserve funds to enable the I.D.D. Board to undertake fairly big projects without having to go to the money market and meet any emergencies created by floods, erosion, etc. Different rates of cesses may be levied upon different crops, depending upon their relative profitability as well as their absorption of water. Thus the present complaint that irrigation cesses are kept too high even after the capital invested has been repaid several times over and also the complaint that so many important famine-protection works are not undertaken for the so-called financial stringency can be easily met with by such an independent Board with powers to reduce the cesses from time to time and also with the capacity to draw upon vast accumulated funds when the need arises.

One thing must be recognised, i.e., the government has no right whatsoever to absorb the surplus funds of the I.D.D. Board for its general purposes as at present. Whatever justification there may have been in the past owing to the State being obliged to finance famine relief, there can be none whatsoever in the future. All the surplus funds of this Board shall be utilised for developing and improving every possible irrigation project and protecting it and providing adequate drainage facilities and river and soil conservancy. At the same time our peasants also will have to give up their general notion that no cess shall be levied from them once all the amortisation demands for the capital invested on their individual projects are met, for it is the duty of all irrigation peasants to sink or sail together and not to leave those of famine-ridden or non-fertile areas to their own mercy.

Irrigation and Drainage Must be an All-India Responsibility

The provincialisation of the responsibilities of the State in regard to irrigation, drainage and the associated functions of river conservancy and anti-erosion is disastrous and places our peasants at the mercy of the poor provincial governments. The recent Bengal, Bihar, U.P., Orissa floods and the famines in the Punjab, Rajputana, Madras and Bombay have shown how necessary it is for all provinces to share their responsibilities together by pooling a portion of their resources.

SCHEME FOR PROTECTION OF AGRICULTURAL LABOUR

By

PROF. N. G. RANGA

There are easily ten crores of agricultural workers in our country of 40 crores of people. They are extremely poor; much poorer than the depressed peasantry. While our small peasants are very rapidly being organised into Kisan Sabhas and are able to carry on successful Satyagraha campaigns in different parts of India, these helpless agricultural workers are found to be mostly unorganisable and unable to put up any fight for the improvement of their economic condition. Though it is true that Harijans who form the majority among the people have votes and are afforded reservation of seats, the various provincial governments have not yet felt the pressure of their organised representations and therefore practically very little has been done, by way of legislative or executive action, by any of the provincial governments during the last two and half years. The Harijan M.L.A.s have been mostly a disappointment since they are still taking their breath after the transfer into the august legislatures, with their iron discipline, general atmosphere of English eloquence and their pre-occupation with Government legislation for all other classes.

Moreover, these people have often times to struggle against the oppression of our peasantry who, in their helplessness and blindness, seek to eke out their miserable livelihood by exploiting these more helpless people. To free themselves from the relentless oppression carried on by the peasants, these workers have to put up a much greater fight than what our peasants have to carry on against their common exploiters, namely landlords and capitalists, because the former i.e. peasants are many times more numerous, tenacious and ever present than the latter.

(a) It is true that our peasants are themselves more or less in an equally hopeless condition and that both they and agricultural workers are ground down and reduced to their present unenviable conditions by the present systems of landlordism, Sahukarism and bad marketing.

(b) There is every danger of more and more of these people being goaded by their poverty and suffering as well as

shortsighted leadership to venture into strikes against what they may find to be their immediate exploiters, the Kisans. Indeed there have already been a number of such strikes in Nellore, Guntur, East and West Godavaries of the Andhra, but in most cases, they have met with very little success. What is worse, such strikes have only tended to worsen the relations between workers and peasants not only in the villages which are immediately affected by them but also in other neighbouring villages. Most of the organisers of such strikes and Labour Unions have come to feel that the Kisans are as capable of taking advantage of their economic superiority and the consequent greater political influence and power, as the landlords do in their turn against our Kisans, in their efforts to put down our workers. To fight these Kisans whose anger at the opposition of even these poor people against them is so overwhelming, it is almost impossible in the present helpless state of these workers. Therefore, it is generally felt that the instrument of strike is likely to do more harm than good to our agricultural workers.

(c) Moreover, it is generally recognised that our peasants are unable to grant all the reasonable and minimum demands of workers so long as they are subject to the present burdens of land revenue or rent, forced labour and other imposts, disproportionate costs of marketing, extreme disparity of prices of agricultural and manufacturing goods. The general level of prices of agricultural produce has to be raised so as to cover the legitimate costs of cultivation, including decent wages for labour, and a minimum standard of living of workers and peasants. But even pending the establishment of such prices, many small things, such as the enforcement of proper weights and measures, abolition of forced labour, housing and drinking water facilities can be ensured by the State with the co-operation of our peasants.

(d) I am glad to say that the enlightened Kisans are coming to realise their oneness of interests with these workers and have therefore allowed their Kisan Sabhas to espouse the cause of these people. The South Indian Federation of Peasants and Agricultural workers have formulated the charter of minimum demands for these workers. The All-India Kisan Congress has approved of them at its Faizpur session. I have submitted these demands for the Labour Sub-Committee of the Congress at its Calcutta meeting in October, 1937. The Andhra Provincial Ryots Association has published a pamphlet outlining its enlightened and fairly adequate policy towards workers.

(e) The All-India Kisan Sabha exhorts all Kisan Committees to enlist as many agricultural workers as possible as members of Kisan Sabhas. But owing to the paucity of comrades, the greater difficulty encountered by them in persuading workers to join and the utter unorganisableness of most of these workers, only an influential minority of our Kisan Sabha membership consists of these workers. Moreover, owing to the peculiar weakness of the Kisan Sabhas to persuade Kisans to offer better terms of employment and more humane treatment to these workers, in view of their inability to offer any commensurate compensating advantage to peasants.

(f) Some attempts have so far been made to organise agricultural workers, but they have not made much headway. There is very little prospect of their progressing to any appreciable degree owing to the utter poverty of these workers, absence of people hailing from among them, willing to organise and educate them.

Therefore, agricultural workers need the special protection of the State. The Labour departments of Madras and Bombay Governments have so far failed to come to grips with their really major economic needs. The so-called rural development Ministers of the post-autonomy provinces have done practically nothing to tackle their economic problems. It is well to recognise that these workers are in a much more helpless condition than even the sweated workers of England, and so, need the protection of Trade Boards even to a greater extent. Yet so far nothing has been done in this direction.

1. Minimum wages are to be fixed and enforced

At present there is no such protection. There are still many places far away from towns and very much in the grip of local landlords or money lenders or both in which only nominal wages are paid to agricultural workers. Workers are expected to be content with a pittance of a living. Such conditions have to be stopped.

It is true that time as well as piece-work wages have to be fixed and that no minimum weekly or monthly earnings can be guaranteed to any of the casual workers, but minimum daily wages can certainly be prescribed so that workers may be free to earn more either because of a contract or because of greater piece-work rates paid and amount of work done and no employer is free to insist upon or managing to pay anything less than the prescribed minimum.

2. Different Rates for Varying Processes of Work

There are many kinds of work needed for the cultivation of any crop and in most places more than one crop is raised and therefore, it is necessary to work out carefully the minimum piece as well as time rates of wages to be paid.

3. Wages in Kind or Cash

Since in most places, wages are paid in kind consisting of certain quantities of local standard of the grain or crop raised as well as some amount of food, clothing, housing, fuel, —, it is necessary to prescribe or standardise for each season, for different crops the wages to be paid in kind.

In fixing such wage rates, in kind, care must be taken to see that the cash equivalents of such grain payments will be just enough to cover the ordinary expenses of living of agricultural workers. Similarly cash wages have to be fixed up with special reference to the local costs of living and the general standard of living of local workers.

4. Seasonal Wage Payments

In view of the fact that some workers are engaged for certain seasons, it is advisable to fix minimum wages per mensem for the various seasons of work for different crops.

5. Contract Payments

The practice of getting different processes of work on various crops executed for certain lump sum payments per acre is prevalent in some parts of the country. The uprooting of paddy seedlings, reaping and harvesting of paddy crops, the uprooting and gathering of groundnut, etc., are thus carried on by peasants. Lest the so-called leaders or headmen exploit the helpless workers and also lest the peasants take too much advantage of a local labour surplus, it is necessary to prescribe the quotas of workers for each acre of different process of work on various crops and the payment per acre to be made for different kinds of work in different seasons.

6. Annual Salaries

Many lakhs of annual servants are engaged by our Kisans and landlords. They are paid both in kind and cash. The payments in kind consists of clothes one or two meals or full feeding, tobacco and betel leaf and nuts. Where meals are not supplied, grain is offered. It is necessary therefore to prescribe the minimum cash payments per annum plus the minimum grain payments in lieu of which the minimum quantity and quality of food, clothing, etc.

These workers need the fixation of their hours of labour as well as rest. Casual leave of at least 15 days and a half yearly leave of a week on full pay are badly needed. In view of the fact that they are immune from un-employment during slack seasons and their employers bear the responsibility of maintaining them throughout the year, it has to be decided whether any overtime payment has to be made to them during specially busy agricultural seasons, when they are obliged to work day and night.

7. Agricultural Wages Boards

To prescribe their minimum time as well as piece-work wages and other payments, Agricultural Wages Boards must be established. There shall be a Provincial Board and a District Board for every district with two sub-committees, one for the dry crops and the other for the deltaic and garden crops. These Boards shall consist of equal representatives of Kisans and landlords on one side and workers, on the other, presided over by the local District Judge in the case of the districts and a High Court Judge in that of the Provincial Board. These Boards shall be aided by the local Collectors or the Revenue Board for Land Revenue as the case may be, in their Secretarial work.

The Secretariat of these Boards will have to collect accurate information regarding the price of agricultural produce, local and external, costs of cultivation, standard of living of both peasants and workers. It has to work out the schedules of costs of cultivation for typical holdings of peasants and also for the average holding in the district for different crops. It has also to maintain information regarding the actual conditions and payments of labour. Such Boards may meet whenever needed but must meet not less than four times a year and the T.A. for members paid by the Government. The representatives of the respective organisations of peasants and workers have to be elected by their Executives.

There shall be an appeal from the District Board to the Provincial Board and in case of a tie between the representatives of parties concerned in the District Board, the Provincial Board shall intervene and its President must be empowered to use his casting vote to settle the issue of any discussion.

The decisions of these Boards shall be enforceable in Courts of Law.

8. Enforcement of Minimum Wage Regulations

The factory inspectors shall have power to exercise general control in regard to this. But to enforce the decrees, rules

and regulations of these Boards, the Provincial Government must appoint, in consultation with the respective Boards, Honorary Inspectors in various taluquas and districts. Ordinarily the Village Panchayatdars, office bearers of the Harijan Sevak Sanghs and Kisan Sabhas shall be appointed to these posts. These Inspectors shall have the power to initiate proceedings against any landlord or worker who infringes the regulations. The establishment of these Boards is recommended because they can, in virtue of their representative character, win the confidence of both peasants and workers for their findings as well as their recommendations. Just as the establishment of Trade Boards had stimulated the growth and development of Trade Unionism among the English Sweated workers, so also these Boards can be confidentially expected to give a great stimulus for the progress of organisation of both peasants and workers. The scientific and realistic studies of costs of cultivation and the standards of living of both peasants and workers, which will have to be made by these Boards before they can attempt to fix minimum time as well as piece-work rates of payment, will also strengthen them and the agricultural masses in their plea for their adequate protective measures to be taken by Government of India and respective Provinces for the maintenance of basic value of different agricultural produce. A large number of these workers are also tenants-at-will, cultivating the lands belonging to the class of landlords, several Mirasidars, several Zamindars of the Punjab and the Frontier, a growing number of peasant proprietors and the ever increasing ranks of absentee landlords. It is needless to say that most of them are rack rented, thanks to their great competition for the small extents of land available for leasing. Special steps have to be taken to protect these tenants against this suicidal rack-renting.

The security of tenure is the first thing they desire. A minimum tenure of ten years is needed, if a tenant is to make necessary improvements on the lands and derive their full benefit and also to venture upon the costly agricultural establishment.

There are some of us in the Kisan Sabha who wish that these tenants ought to be given complete ownership over all the lands that they cultivate subject to the payment of the prescribed rents. But in view of the fact that a large portion of the lands which are today leased out have actually been purchased by their present owners or their parents, it may not be possible for our Governments under the existing conditions to dispossess their owners and grant full proprietary rights to tenants. Even if such a measure is found possible, it will be necessary to make the following exceptions:

(a) All widows whose sons are yet too young to actually cultivate their lands ought to be protected from this dispossession.

(b) Similarly, all invalids, students, social workers engaged by recognised socialists or institutions.

(c) All those peasants who have less than 20 acres of wet land or 60 acres of dry land, provided they do not raise garden crops on more than an acre each. But if only a ten years tenure is assured to a tenant, that land must be leased out to him if he desires to continue as its tenant, unless the owner is prepared to and actually cultivates the land for at least the succeeding period of 5 years.

(i) The Wages and Rents Boards shall be authorised to collect information regarding the cost of cultivation, and net incomes made possible by the cultivation of different local crops that are to be raised on the lands of villages in question. This information is ever to be kept fresh and accurate.

(ii) These Wages and Rents Boards shall fix a sliding scale of rents payable by any tenant for different classes of lands and crops raised and these scales shall be scrutinised and if need be, altered, from year to year with special reference to the local rainfall, productivity of different crops and their prices.

(iii) The State has to prescribe the percentage of the net product that may be paid by any tenant as rent. Subject to this maximum, tenants and land owners may be left free to bargain as to the actual rent payable.

(iv) In cases where tenants have reason to feel that the rents thus agreed upon by them are too high or exorbitant, they can petition to the Wages and Rents Board for a revision and for a more equitable fixation of such rents.

Such an appeal by one of the parties to a private agreement must be provided for, in view of its special weakness and the possibility of the land owners taking advantage of the actual scarcity of land to rent. The Board itself is not asked to fix the rents payable for individual holdings since such a task will be too heavy for it to discharge.

The right of these tenants to claim and obtain adequate and appropriate suspensions or remissions or rents payable on the following grounds:

(a) The failure—partial or complete—of crops.

(b) The unforeseen difficulties and expenses of cultivation experienced by tenants during the year.

(c) The unexpected fall in prices of grain and other agricultural products.

As far as it is possible, it shall be the policy of Government to constitute a Tenant Co-operative Farming Society, the members of which can alone be allowed to lease out others' lands in any village. Such a Society can enable such tenants to maximise the use of cattle, agricultural implements, and minimise the usual waste of effort and economise resources due to the seasonal character of agriculture.

9. Land for Agricultural Workers

Next to the demand for higher wages, the greatest passion of agricultural workers is for land. There are vast extents of unoccupied but cultivable lands in the country. Though they are to be found in small pieces in any village, their cultivation can be carried on by Co-operative Societies. In addition, easily one of the area under forests can also be brought under cultivation and a good portion of the lands which have till now been considered to be cultivable can also be made to yield some profitable crops. Further all those portions of the big Home Farms of landlords which are 100 acres of wet land or 300 acres of dry land for each can be placed at the disposal of these people. By all these means it will be possible to place at the disposal of these workers just as much land as is today in the possession of small and middle class peasants. Such a policy will obviate the development of a dangerous antagonism between workers and peasants on the score of the latter's sole ownership of land.

It is most essential that these lands ought not to be granted to agricultural workers for their individual ownership and exploitation, which will, if allowed, repeat all the evils of our inheritance laws, and the consequent sub-division and fragmentation of holdings, uneconomic holdings, disastrous reserves of labour and agricultural stock with practically very little hope of being adequately employed even for half the year and the resulting inefficiency and unproductivity of agriculture. Co-operative or collective method of exploiting land, raising crops, rearing cattle, goats, sheep and fowls, carrying on Sericulture and other associated subsidiary industries has to be adopted in order to set an example, through its success, to the present peasant proprietors in co-operative cultivation and also to afford better results and greater economy in labour.

The right to alienate these lands ought not to be granted to any person or persons and only a Co-operative Society can have the right to transfer its lands at any time before its liquidation to another Co-operative Farm in its immediate

neighbourhood. Then alone it will be possible to prevent such lands from being alienated to money lenders and landlords and other peasant proprietors. But the children of the first generation of members of Co-operative Farm can always claim the right of priority in seeking admission for membership of their Co-operative Farms on their attaining the prescribed age for membership. Therefore the following steps have to be taken in this regard:

(i) All unoccupied but cultivable lands, all lands which are at present uncultivable but which may be brought under cultivation due to the application of scientific method, all those lands which are secured out of disafforestation and also all those lands of absentee landlords and others over and above a prescribed maximum shall be reserved for special allotment for co-operative cultivation by landless agricultural workers.

(ii) For every area of a prescribed extent of such lands, there shall be organised a Co-operative Farm.

(iii) The membership in the first instance, shall be thrown open to all landless agricultural workers of the concerned village or of its immediate neighbourhood.

(iv) No price or premiums shall be charged to the grant of such lands.

(v) The lands granted to a Co-operative Farm shall be its property subject to the condition that it shall not have the right to sell such lands. They can be mortgaged or transferred to another society of the same or neighbouring village.

(vi) In case a particular society is liquidated the local Government shall grant those lands to any other Co-operative farm of the immediate neighbourhood or failing which, to the local Panchayat but only for their exploitation by the landless people.

(vii) Where there are too many applications for admission into such societies, the priority of any one for admission shall be settled by drawing lots.

(viii) State shall advance cheap credit to every such society to enable it to finance the current costs of cultivation. It shall also freely provide stables, agricultural implements and supply cattle at cost price.

(ix) State shall provide the services, at its own cost, of an Agricultural Demonstrator to guide a society with his scientific knowledge, and leadership.

(x) No tax shall be levied from such societies on account of its ownership or cultivation.

(xi) Accountants shall be supplied free of cost to help the societies in their ten years of struggle to manage their finances.

(xii) All other Special Assistance, including the free supply of tested seeds, anti-pest medicines, must be given to these societies, in order to compensate for the usually poor fertility of these lands and inferior managerial abilities of these workers, at least, at the start. In no case shall these lands be granted to the so-called educated unemployed for his private enjoyment. As far as possible, these Demonstrators and Accountants ought to be recruited from among the educated landless Kisans, who have undergone specially devised course of Social Sciences and Rural Economics and Agricultural Costing and Management.

Housing: The provision of free house sites—one of their greatest needs—at 10 to 20 per acre is most necessary. For the want of such a privilege, the Harijans who are treated as Kammis of the Punjab are enslaved to the higher classes of their villages.

The present practice of allotting these sites only to those Harijans and other workers who are prepared to pay off the cost of sites in a number of instalments ought to be given up.

Model houses have to be constructed conforming to any one of the approved types designed by the best artists, under the supervision of the Public Health Officer and Labour Department, but with the labour of the workers concerned and others of the village. Only local timber, brick and mortar shall be used. The capital needed for such construction shall be advanced by the local Co-operative House Building Society at less than 6% interest, to be repaid in 20 or 30 equal annual instalments. It will be for the local authorities and Provincial Governments to pay the interest charges.

10. Education

In addition to free and compulsory Elementary education, children of agricultural workers must be given a special training in various but modern processes of agricultural work, in the plying of agricultural machinery propelled by power and in carrying on all or any of the subsidiary industries. The rudiments of scientific principles underlying the mechanical, botanical and productive processes of Agriculture shall be taught to their students. It shall be the aim of education to enable their students to become competent and efficient agricultural skilled workers by the time they leave the schools at the age of 16.

11. Co-operation

Special efforts have to be made to study the consumption habits, standard of living and marketing manners of these workers and to develop the Co-operative Store movement so as to eliminate the present ruinous profits of middlemen. Thus alone can the evils of the bucket shops, the rapacious shop-keeper with his money lending business, be completely got rid of. All these things for which there is a steady demand from workers shall be manufactured, if possible in Co-operative work shops or factories and sold to them at more or less cost price.

12. Social Work: Increasing Their Quality of Food

A regular campaign shall be inaugurated by the Provincial Government and Local Boards to induce workers to grow pumpkins, beans and plantains at all their usual places of bathing or washing by every one of their houses so as to increase the total quantity of vegetable food available for them. Special male and female cooks shall be sent out by the Boards to teach their womenfolk as to how to cook their food with the commodities available and make it more attractive, nutritive and tasty. Libraries, night schools, study circles and open air amateur dramatic, cinema performances shall be organised through the stimulus of State Grants. Clinics shall be taken to their very quarters to treat those suffering from Venerals, Leprosy and Gunie Worm and also to help pregnant women. Anti-malarial treatment shall be offered to them in their own quarters.

13. Labour Exchanges

To regulate the considerable amount of internal migration of agricultural labour that takes place during every busy sowing, transplantation and harvesting season, Labour Exchanges have to be organised. Mere voluntary Exchanges cannot answer the purpose and so these have to be statutorily and compulsorily organised.

14. Decasualisation Schemes

In the wake of the establishment of Labour Exchanges, these decasualisation schemes have also to be taken up in order to minimise the serious casual nature of the demand for agricultural labour.

15. Railway Concessions and Special Rly. Accommodation

To save the labour from the present too costly transport and extreme inconvenience suffered by them while moving

from their places to those of demand, it is necessary to arrange for special Railway concessions as well as special Railway accommodation. Special Rest Centres will also have to be established in co-operation with the local authorities to save them from their present sufferings while they are on their way to the places of demand.

16. Equal Payment for All

The present invidious distinction made in the wages paid to men and women for the same kind of work will have to be done away with. Equal payment for all irrespective of their sexes for the same work must be enforced.

17. Hours of Labour

For seasonal labour the hours of labour may be allowed to vary from time to time and from place to place but care will have to be taken that the maximum number of hours of labour do not exceed 12 hours for males and 10 hours for women on any day and 56 hours in any week and special scales of pay are prescribed for over-time put in on any day over and above 8 hours.

For the Regular Farm Workers or Annual Servants suitable regulations will have to be made by the local Wages Boards to fix their maximum hours of labour, keeping in mind the need of agriculture for specially prolonged hours of work in certain seasons, especially in the ploughing, sowing and harvesting seasons.

18. Holidays with Pay

It is necessary to provide for a fortnights annual holiday and 15 days casual leave with pay for all annual servants.

19. Payment of Wages and Workmen's Compensation

The Payment of Wages Act and the Workmen's Compensation Act shall be made applicable with suitable modifications to agricultural workers.

20. Training of Workers

Special steps will have to be taken to provide intensive and higher education in agriculture, in addition to what every worker learns in the Basic Schools, at least to all the Annual Servants. All gardeners will have to be made to undergo a special course of training in garden culture.

21. Housing of Agricultural Workers

A national policy and programme of providing every worker with a model house, a small open space and a vegetable garden if possible must be inaugurated.

22. Social Insurances

Steps will have to be taken to provide, at least over a period of ten years, unemployment insurance, health insurance, old age pensions.

I am suggesting these reforms with a view to immediately raise the standard of efficiency, health and living of our most downtrodden working classes. I take it for granted that they will be completely freed from any obligation to pay off their existing debts and that they will be helped by the State to maintain themselves during the lean months by a system of diversified agriculture and decasualisation and unemployment Insurance and so will not need to borrow from private money-lenders.

But even these minimum conveniences cannot be provided for these people unless our peasantry is helped to raise its standard of efficiency, develop co-operative agriculture and realise adequate prices for their produce and market it efficiently. Moreover, the present burdens of direct and indirect taxation will have to be completely removed or considerably reduced. It is only when we are able to obtain the whole-hearted co-operation of our self-reliant peasantry of the future that it will be possible for our state to achieve even these most essential reforms.

APPENDIX IV

NOTE SUBMITTED BY SHRI T. PRAKASAM TO THE LAND POLICY, AGRICULTURAL LABOUR AND INSURANCE SUB-COMMITTEE

I. The ownership of land is in the cultivator and the community—Land includes forests, mines, etc.

The half or one-third gross or net-share of the produce (payable to the Government by the cultivators) fixed as the basis of assessment in ryotwari or zamindari areas may be abolished because primarily it is this inequitous charge that leaves no margin to the tenant. In its place a reasonable and moderate assessment may be substituted on the lines of the assessment on profession or income taxes. This can be done only when full freedom of the country is attained and all the existing restrictions in the Government of India Act of 1935 are removed—so as to abolish the regulations like that of the Permanent Settlement.

II. (a) Under the Provincial autonomy as it was conceded under the Act and the Convention, the Land Revenue assessment on all the permanently settled estates may be fixed at the rates fixed at the time of the Permanent Settlement cancelling all the enhancements made unjustly since then on the share allowed by the Government to the Zamindar for the work done by him as collection agent.

In the Provinces of Bengal, Bihar, United Provinces, etc. where the right of the Zamindar to enhance had been wrongly recognised statutorily, and where a system of sub-in-feudation has been established, for a long time, throwing unbearable burden on the cultivator, steps may be taken for cancelling the unlawful enhancements by obtaining the necessary sanction for legislation, wherever necessary.

Cancellation of illegal enhancements, or removal of interests created in favour of third parties even under cover of Statutes when they are not entitled to the same, does not amount to expropriation. It may not be proper or expedient for the Provinces that have passed legislation recently to go back upon the same. But the injustice done to the tenant must be set right sometime or other when the next opportunity occurs. This may be kept in view in formulating the national policy.

(b) In regard to the ryotwari lands,

- (1) all the enhancements made in the 30 year resettlements on account of the rise in prices, or
- (2) invisible enhancements made on account of re-classification of soils, or
- (3) enhancements made on account of re-classification of irrigation sources, may be cancelled.
- (4) Flat rates system of water-rate that has been doing great harm to the poorer ryot and poor soils wherever it exists may be abolished and differential water rate system may be substituted.
- (5) Enhancements made by the Government or Zamindar on the ground that they had made improvements or constructed new works at their own cost may be abolished because they are bound to do such works from out of the money paid to them as land-revenue by the cultivator.

It has been acknowledged for centuries that the land-revenue has been collected for maintaining works of public utility including construction of new **works** and carrying on the administration of the Government.

- (6) Half net basis or one-third or any other net or gross basis of the produce may be abolished as stated above in para I and a reasonable rate may be fixed.

III. It is the land that should be taxed and not the produce. The ryot should be free to grow whatever he likes and enjoy the yield without being liable to pay varying taxes according to the whims of the land holder.

IV. (a) **Assignment of waste land for cultivation.** A substantial number of small land holders have, during the last hundred years, become coolies or farm servants, some on their own lands, having surrendered their own to their creditors. To provide land to the landless poor including the educated unemployed and unemployed weavers, a colonisation scheme may be drawn up for each Province, subject to the following conditions:—

- (1) No power of mortgage or sale,
- (2) Must cultivate land himself for self,
- (3) Right to enjoy from generation to generation,
- (4) One-fifth of the block may be set apart for common grazing and other purposes,

- (5) Out of the balance a fixed proportion may be set apart for common cultivation from out of the proceeds of which all taxes will be paid and the balance will be spent for school, hospital, club, etc., funds permitting.
- (6) The remaining area will be divided equally amongst the members with full rights to enjoy separately.
- (7) Houses to be built for all with equal facilities and amenities for all castes and communities—Muslims, Harijans and others may be brought together under the scheme.

(b) Marshy and saline land may be reclaimed.

V. Land Revenue, Agriculture and Irrigation must be co-ordinated and brought under one policy and a substantial part of the land Revenue may be spent on bunding up the rivers and storing the water, for developing irrigation by preventing the discharge of most of the good water into the Sea.

VI. The Public Work Departments have been a source of a great trouble to the cultivators, and incalculable loss to the public. Much of the public money has been wasted on the works executed by this Department.

The P.W.D. rates are invariably higher than the rates of the District Board and the rates of the District Board are higher than the rates for which the people themselves can get the work done either in the villages or towns or cities.

The P.W.D. Contract system has been responsible for great loss to the people and mischief to the ryot.

The wrangle for power between the P.W.D. and the Sanitary Engineering Department for getting the works done in the Southern Presidency was notorious for a very long period.

This Department must be thoroughly overhauled all over as a matter of general policy.

VII. **Production, Distribution and Sale**, must be regulated as part of Land Policy for the best advantage of the cultivators as well as others.

It is bad policy to pursue for any popular Government to allow people of any village or area to starve or to go abroad to purchase when what is grown or capable of being grown in their own village will suffice.

It will be a bad policy again to leave people to go unemployed in any village or phirka or Taluq, etc. when with a little effort and small cost employment could be created within their own area with what is produced from their own land.

The All-India Village Industries Association has been showing the way how to make villages self-sufficient. If the Local Bodies or others who can afford help them they can be easily made self-sufficient.

A small Harijan Colony consisting of about 40 members at Guntur (Sri Krishna Ashram) that was maintained in the beginning by donations in cash and kind is now a self-sufficient colony because the members who were taught the handicrafts of,

- (1) Cement works,
- (2) Carpentry,
- (4) Smithy, and
- (4) Hand-made paper

have been able to earn money through their own labour. The District Board and the Municipality helped them by giving orders for the furniture required for their schools and also 800 Charkas and 4,000 Thaklies required for all the schools in the District at a cost of nearly Rs. 5,000. Thus a begging institution has been converted into a self-sufficient Colony.

Similarly there has been working another self-sufficient Colony—(Khaddar Samasthanam) working in a village near Bezwada for nearly 15 years.

While in office we were planning to re-establish real village Panchayat system with village Banks so as to make villages self-sufficient. Now without office, I am endeavouring to take up some villages in each District for making them self-sufficient in Southern India to enable others to follow.

There can be no real Swaraj in our country unless and until the cultivator's budget and the budget of the village is balanced. There is no use of balancing the budget of a Provincial Government or even a responsible Central Government so long as the villages have been deserted.

Village re-construction on the basis of self-sufficiency may be adopted as an integral part of our National Land Policy. If "Production, distribution and sale" which was under the Government of India Act, an exclusively Provincial subject, had been regulated in all the Provinces during the 28 months of the Congress administration we would have made at least a real and even substantial progress in laying solid foundations for the work of village re-construction. But it could not be. This may, therefore, be placed in the fore-front of the land-programme.

VIII. So long as the control of the Currency and Exchange is in the hands of a foreign Government there is no

future for this country in the field of development of agriculture or industries or manufactures, or Commerce Revival or re-establishment of the Barter system can save this country from economic distress and rescue it from foreign exploitation. Germany that became a bankrupt in 1930-31 has demonstrated to the world the success of the barter system. Its success has been so striking that the Allied Powers have pledged themselves in the present war to put an end to the Barter trade of Germany on the Sea.

We may adopt Barter system as part of our National Policy. This may be adopted in the village re-construction work to start with and extended to inter-provincial trade and finally to the international trade.

IX. "Competition and Profiteering" have been the seeds of destruction of the Capitalistic system, and it is they that are primarily responsible for shaking the monetary system of the world as well as that of India to their very roots and very nearly destroyed them compelling the abandonment of the Gold-Standard.

It should be the aim of the National Plan to prevent further extension of the competitive and profiteering programme through mechanisation and adopt other methods that would enable us to make our country self-sufficient.

X. In the world economic distress of 1930-31 Britain saved herself by changing the policy of free trade into one of protection and erecting prohibitive tariff walls and also draining away all distress gold of the poor people of this country. In the present war Britain has had recourse to expansion of currency to the tune of 33 crores already. Under the circumstances a Commercial Corporation may be established for promotion of industries and manufactures and the same may be tacked on to the Barter system all of which are dependent on the development of Agriculture and its yield both qualitatively and quantitatively.

Agricultural Indebtedness

XI. What was estimated at 45 crores in 1895 has gone up to 150 to 200 crores in South India. Its increase in other Provinces may be estimated to be in the same proportion.

If we go to a period of 30 or 40 years prior to 1895, when some young English civilians, including Sir William Wedderburn, proposed to introduce a co-operative system of village Banks that would lend money to the cultivators at 4 per cent interest, the indebtedness was comparatively very small. If

the proposed Village Banking system had been established then, the debt would have been wiped off within a very short time and the country would have been flourishing today.

But the proposed scheme was scrapped and in its place the present Co-operative Societies' Act had been passed. As a result the Co-operative system has failed and the little outstanding balance in each Province has become frozen.

Establishment of Multipurpose Societies on the lines indicated by the Reserve Bank of India in their Bulletins from time to time during the last 2 or 3 years may give the required relief to the cultivator and as such we may make it part of our National Policy.

These Societies when they come into existence may establish Village Granaries and link them on to the upper ones, etc.

Special Provisions may be made not only for scaling down debts but also to provide for the discharge of scaled down debts by the issue of Bonds, etc.

XII. Land Revenue may be made payable in kind wherever and whenever necessary.

Bombay, 28th June, 1940.

My dear Prof. Shah,

In accordance with your suggestion I am writing the following short note regarding the question of Rural Employment and of adding to the income of the cultivator in India. It is well-known that the average cultivator in the dry areas has a large amount of time on his hands especially in the off-season. While all encouragement should be given to subsidiary cottage industries to utilise their time it appears to me that every effort should be made to find out whether the cultivator cannot be profitably employed in his own occupation throughout the year. The great hindrance to that at the moment is our seasonal rainfall and the great requirement is a supply of water for cultivation throughout the year. Vast schemes have been undertaken of the nature of major irrigation works at heavy expense but these cover only a comparatively small area of the land and are only practicable where rivers and other large perennial sources of water are available. If an equal amount of attention were paid to what I may term minor irrigation schemes in which not only wells are included but of which they indeed form a major part, we should be able to supply the timely needs of the cultivator at much less cost and provide a supply of water to him which he can use at his own discretion and to suit his own convenience. In fact the object of minor irrigation schemes such as bunding of small areas and of building tanks etc. serve the very useful purpose of raising the subsoil level of water of the area and of feeding the supply of wells so that they may not go dry even in the hot weather.

With a more adequate supply of wells in suitable areas the question of sub-division and fragmentation of holdings would also be dealt with. For a well can keep under cultivation 3 to 4 acres of land and provide full day's occupation throughout the year, against 20 to 25 dry acres and partial occupation.

Also the expansion of motor transport in rural areas has helped to solve the problem of marketing the produce grown by well-irrigation. Generally expensive crops like vegetables and chillies are grown under well irrigation and unless a quick disposal is secured for these perishable articles it would not be profitable or practicable to grow them. These are usually consumed in cities and since motor transport is both extensive

and expeditious as compared with the old time cart transport, more distant areas can be tapped for supply to towns.

An additional advantage would be, we hope, a greater consumption of vegetables by the cultivators themselves, which would be a very welcome addition to his generally poor dietary.

Well irrigation is par excellence, the best year round employment that we can find, an employment to which the cultivator is accustomed and which he likes. Besides being far more profitable than dry cultivation it would help to stop the otherwise inevitable efflux from the villages to cities.

A further advantage will be that far more attention will be paid to the care and breeding of cattle which in itself would be a useful subsidiary occupation, besides providing manure. It is well-known that the working bullocks of the cultivator are the best cared for.

I suggest that in areas determined after a survey an extensive drive should be made for repairs of existing wells and for sinking new wells. Funds should be made available for the purpose by the State and if necessary a loan should be raised, for it will be for a definitely productive purpose even after allowing for a certain number of failures in the sinking of new wells.

A successful experiment has recently been made in Gujarat in devising a suitable concrete or wooden frame work, whereby the cost of putting down the well or of repairing it is very much reduced and the work is expedited. This frame work can be used from one well to another and whatever assistance that has been offered by this means has been eagerly availed of by the cultivators and indeed the demand cannot be met.

Yours sincerely,
(Sd.) Chunilal V. Mehta.

Resolutions of the National Planning Committee on the Report of the Sub-Committee for Land Policy, etc.

The Interim Report of the Sub-Committee on Land Policy, etc. was presented by the Chairman, Shri K. T. Shah, on the 29th June. Dr. Radhakamal Mukerjee, Secretary of the Sub-Committee was also present. Discussion continued on the 30th June.

It was decided that this report need not be considered in detail at this stage as the matter was being referred back to the Sub-Committee for fuller consideration and report. Meanwhile, certain guiding principles on Land Policy should be laid down by the N. P. C. in order to enable the sub-committee to base their report on these principles.

The following resolutions were passed:

1. Agricultural land, mines, quarries, rivers and forests are forms of natural wealth, ownership of which must vest absolutely in the people of India collectively.
2. The co-operative principle should be applied to the exploitation of land by developing collective and co-operative farms in order that agriculture may be conducted more scientifically and efficiently, waste avoided, and production increased, and at the same time the habit of mutual co-operation for the benefit of the community developed in place of the individual profit motive.

Collective or co-operative farms should be developed to begin with on "culturable waste land" which should be acquired, where necessary, by the State immediately. Each such unit should be linked to other like units.

Note: Mr. Ambalal Sarabhai approved of this being done as an experiment.

Prof. R. K. Mukherjee considers that peasant farming in small heritable holdings should not be ruled out, but continued along with both co-operative farming with individual ownership and collective farming with joint ownership and joint distribution of agricultural produce.

One of the members agrees with Mr. Ambalal Sarabhai in this matter and further adds that while individual enterprise should be subordinated to the needs of the community, it should not be eliminated. In this connection he would like to await the results of the experiment.

3. No intermediaries of the type of taluqdars, zamindars, etc., should be recognised in any of these forms of natural wealth after the transition period is over. The rights and title possessed by these classes should be progressively bought out by granting such compensation as may be considered necessary and desirable.

The practice of sub-infeudation and sub-letting of land should not be permitted.

4. The Sub-Committee is requested to consider and report on the forms of collective and co-operative farms, which may be suitable for India and which they recommend. Such collective and co-operative farming must be under State supervision and regulation.

Note: (i) The land co-operatives mentioned above should not be construed in a restricted sense as applying to specific functions, such as, marketing, credit or collective purchase of seeds, etc., but include cultivation and all aspects of agriculture.

(ii) During the initial years of the Plan, it is likely that considerable areas may remain outside the collective and co-operative organisations mentioned above. The Sub-Committee should make recommendations in regard to such areas during this transition period.

**Resolutions of the National Planning Committee on the
Report of the Sub-Committee for Land Policy,
Agricultural Labour and Insurance**

Shri K. T. Shah, Chairman of the Sub-Committee on Land Policy, etc. presented a further note on the 3rd September, in addition to the Interim Report submitted during the Fourth Sessions of the National Planning Committee. After full discussion, and certain amendments, this note was approved of. The amended note then read as follows:

In pursuance of the general policy already laid down by the National Planning Committee (vide Handbook No. 3, page 33) in regard to the ownership and working of land, the following amplification is recommended:

Cultivation of land should be organised in complete collectives, wherever feasible, e.g. on culturable waste-lands, and other lands acquired by the State. Other forms of co-operative farming should be encouraged elsewhere. This co-operative farming should include cultivation of land and all other branches of agricultural work. In such co-operatives, private ownership of land will continue; but working of such land shall be in common; and the distribution of the produce will be regulated in accordance with the duly weighed contribution made by each member in respect of land, labour, and tools, implements, and cattle required for cultivation.

During the transition, the co-operative organisation of farming may also take the form of restricted co-operation for specific functions, e.g. credit, marketing, purchase of seeds, etc.

It may also be on land acquired on lease by the co-operators from a private landowner, whose only interest thereafter would be confined to receiving the stipulated leasehold fee. The activities of such a co-operative organisation may be unrestricted in respect of all operations connected with agriculture. The only difference between this form and the preceding will be: that whereas in the preceding form the land will be brought into the common pool which belongs to the members of the co-operative themselves, in the other form the land would be leased from a private owner.

The State should also maintain special farms under its direct control and management for experimental educations, or demonstration purposes.

The collective farm—as distinguished from the co-operative or the State farm mentioned above—may be operated in such a manner that, after paying from the produce all expenses of cultivation, including the wages of workers, the surplus, if any, after paying the State dues, will be available for the benefit of the collective colony and the common services or

amenities required by it, so as to raise their standard of living, as well as to make provision by way of reserve against future contingencies.

It has been decided that no intermediaries between the State and the cultivators should be recognised; and that all their rights and title should be acquired by the State paying such compensation as may be considered necessary and desirable. Where such lands are acquired it would be feasible to have collective and co-operative organisations as indicated above.

While these steps are being taken in the direction of collectivisation, there will continue to be large parts of the country under the regime of peasant proprietors or individual cultivators. Individual enterprise will thus continue; but it must be subordinated to the needs of the community. Wherever possible, the co-operative principle should be introduced even in this sector of the national economy to whatever extent feasible. This will also enable the State to judge from experience and comparison how far this organisation is beneficial in particular areas and can be harmonised with the Plan. It is difficult to make more specific recommendations in regard to this sector applicable to all India, as conditions vary considerably in the different parts of the country. Far-reaching changes have been made in recent years in regard to land revenue, agricultural debts, and organisation of farming; and many proposals dealing with these and cognate matters have also been put forward, and are before the public. There is still room for considerable improvement in this regard; but specific recommendations will necessarily relate to each province separately. It should be borne in mind, however, that whatever changes are proposed or made, should be in keeping with the general policy and objectives in regard to land laid down above.

While the present land revenue system lasts, the basis of taxation must be changed so that the higher incomes from land should be taxed progressively, on the model of the Income-Tax. Wherever possible and advisable relief in land revenue burdens should be afforded to actual petty cultivators on whom that burden falls disproportionately heavily today.

Note: Mr. G. M. Sayed was of opinion that compulsory collectives should be the only ideal laid down.

Mr. Ambalal Sarabhai was in favour of the deletion of the last three lines of paragraph 2 and to state instead that "the distribution of the produce should be on an equitable basis."

Mr. Ambalal Sarabhai wished to add that he approved that the proposals contained in the Note should be given effect to as experiments. He fully accepted the last paragraph of the Note regarding the basis of taxation.

QUESTIONNAIRE

Issued by the N. P. C.

(As given in the Red Book)

(Red book No. 41)

1. How far is agriculture in your province able to supply all the food required for an adequate standard of nourishment for the population in your province?

(Red book No. 43)

2. Is there in your province any area of culturable land which is not yet brought under the plough? What steps have been or are contemplated to be taken for bringing such land under cultivation? What agency and organisation would you recommend for bringing such land into cultivation and how would you finance it?

(Red book No. 44)

3. What are the handicaps which affect the maximum utilisation of the available agricultural wealth and resources of your Province in regard to
 - (a) soil,
 - (b) water-supply,
 - (c) manure,
 - (d) mechanical or animal equipment,
 - (e) finance and credit,
 - (f) marketing,
 - (g) taxation,
 - (h) organisation of the agriculturists, and
 - (i) excessive fragmentation of agricultural land and the scattered character of individual holding?

(Red book No. 45)

4. How far is it possible, by reorganisation of the agricultural population, or introduction of some form of compulsory co-operative or collective farming, to remedy the principle handicaps?

(Red book No. 46)

5. How far does the yield per unit of area cultivated for different crops within your province compare with the corresponding yield per unit of the same crops in
 - (a) the other provinces of India,
 - (b) in the other countries of the world?What steps would you indicate to improve the quality as well as the quantity of this yield?

(Red book No. 48)

6. Are there any 'process' industries in your Province, and what room is there for the increase or further development of such industries.

N. B. By processing is meant working up a primary material into the next complete stage where it might be ready for further utilisation as raw material into finished goods immediately ready for consumption, e.g. wheat into flour.

(Red book No. 49)

7. What are the principal risks to which agricultural production in your Province is exposed, e.g. from the shortage of rains or inadequate water-supply? What measures have been adopted in the province for insuring against such risks?

(Red book No. 50)

8. In what direction is it necessary to extend in your Province the principle of agricultural insurance to guarantee the agriculturists against the main risks of his occupation, e.g. shortage of rains, failure of crops, of fodder, pests, weeds and floods, diseases amongst plants and cattle, etc.?

What policy would you adopt to achieve any effective system of agricultural insurance throughout the Province, as a unit by itself, or in collaboration with the rest of the Country, applying to all forms of agriculture wealth, e.g. crops, animals, food and water, etc.?

(Red book No. 52)

9. Prevention by legislation of fragmentation and division of agricultural holdings below an economic size. Whenever such division becomes necessary as a result of the rights of inheritance under law can the difficulty be got over,

- (a) by the entire management of land being vested in an agency recognised by Government which, after paying itself minimum management charges would divide the proceeds amongst Co-owners, or
- (b) by compelling the inheritors to sell out their respective portions to one of their members at a reasonable compensation—the loan in such a case being made available to the buyer through a Co-operative Society,
- (c) by complete abolition of the existing land revenue system and purchase on hire purchase system over a period of 30 years or so by cultivator,
- (d) by legislation on the lines of the Irish Land Bill, which would make it possible for the actual cultivator to purchase the land from the owner by getting its value assessed through a Government Court—the Government paying out the owner in provincial interminable loan bearing interest at a certain per cent and the Government recovering the amount as suggested above on hire purchase system?

(Red book No. 53)

- 10. Are there any considerable classes of population in the Province concerned with Agriculture, and yet not having direct rights upon land? What is the standard of living they can obtain and how can the same be improved to a stated degree, assured as the minimum needed for civilised existence to every citizen within the Province.

(Red book No. 54)

- 11. In what way is the status of the landless agricultural labourer in the Province protected or safeguarded by the provincial government, local bodies, or any other institution concerned therewith?

(Red book No. 55)

- 12. To what extent has your province experienced the transfer of agricultural land from classes actively and hereditarily connected with agricultural to those who are not principally agriculturists by heredity or temperament, and who, therefore, constitute so many parasites upon land, concerned only with the receipt of their rent or revenue from land worked by those

who originally owned the land. What steps have been taken or are contemplated to prevent or minimise such a state of affairs?

(Red book No. 56)

13. Is there any class of population in your Province which derives its living merely from the right of ownership in agricultural land without any active concern with cultivation of such land? How does the share of the aggregate provincial wealth obtained by this class compare with the corresponding share obtained by those who actually cultivate the land as tenants, or hired labourers who have no other rights in land?

(Red book No. 57)

14. What steps have been taken or are in contemplation for the organisation of

(a) agricultural labourers who have no land of their own, nor any sort of ownership rights in land,

(b) of tenants of agricultural land owned by Zamindars, Taluqdars or other such categories of Landlords,

with a view to secure a more equitable distribution of the annual wealth produced from agriculture, and to assure a guaranteed minimum standard of living for every citizen in the Province?

(Red book No. 58)

15. What is the incidence of taxation upon land or the agricultural wealth produced every year from, open or concealed, public or private by way of rent or land revenue in your Province? What is the reaction of such burden upon the agriculturist class in general actively concerned with the cultivation of lands?

(Red book No. 59)

16. What are the principal industries which may be regarded as subsidiary or incidental to agriculture now being conducted in your Province? How and by whom are they conducted, and what is the result as regards the income of the community from this course?

N.B. Subsidiary Industries are industries which are dependent upon, or connected with, Agriculture as the Primary Industry, e.g. dairying, fodder-supply, or cattle manure.

(Red book No. 60)

17. What room is there in your Province for the increase or expansion of such industries to the main industry of Agriculture? How would the Provincial Government aim to develop such new industries?

(Red book No. 61)

18. To what extent would it be possible to adjust the working of such subsidiary industries to the convenience of the agriculturists class as a whole in respect of the seasons of work, the necessary raw materials, transport and market for the disposal of the produce?

(Red book No. 62)

19. What by-products of agriculture, forestry or mining or industry need to be utilised for the further all round industrial development of your Province? What are the handicaps for the fullest utilisation of such by-products?

(Red-book No. 63)

20. What off-season, part-time occupations of a productive nature, and workable on a scale within the means of an average agriculturist's family in your Province, are available in your part of the country? How would you suggest they be further developed to reach the highest possible level of efficiency and productivity?

SUMMARY OF DEVELOPMENTS

Since the Interim Report of this Sub-Committee was submitted in 1940, there were not great developments affecting the basic policy regarding land, during the years of the war, except the occurrence of the Great Famine in Bengal in 1943-44; and the phenomenon of increasing shortage of food it revealed for our normal needs. The loss of Burma, and the cessation of trade with all the Japanese-occupied territory, combined with the growing demands of an increasing population accentuated the deficit. The demand of the Armed Forces with their bases in India and the inevitable wastage during wartime stressed still further the shortage of food supplied and of raw materials for industry, which was already beginning to be felt after the separation of Burma. In normal peace-time, however, while trade with that country was going on, the deficit was not perceived, as imports of rice, etc. from Burma made up for it.

The fact of deficit was revealed by the War; its intensity was felt more and more acutely in the years that followed. For the duration of the war and for some time afterwards right up to the close of 1947, the problem was sought to be met chiefly by rigorous control of food stuffs and raw materials of industry. The system of Control began with fixation of prices, usually the ceiling, but at times also the floor e.g. cotton. It had soon to be extended by a large scale machinery of rationing in principal towns, later extended even to the rural districts. In the beginning it was applied to food stuffs and articles of daily consumption, like cloth or kerosene; but quotas were soon fixed for other articles, like cement or steel.

In regard to food stuffs not only were rations fixed; a whole system regulating procurements of grains, its distribution through ration shops, and undertaking wholesale import of food supplies from abroad on the collective responsibility of the State, to be distributed amongst consumers at more economic prices, was developed and applied all over the land.

The "Grow More Food" Campaign was at the same time carried out extensively in every unit where it was possible to increase the yield from land. A list of surplus and deficit areas was prepared, and transfer from one to the other expedited. Various difficulties were encountered in giving effect to this policy; but these were more or less overcome, though the actual addition to the food supplies of the country by such means was not very substantial.

Fertilisers

Apart, however, from these measures, there was very little, organised and radical attempt at increasing the area under food crops or the yield per unit of such crops. To achieve that aim would require a revolution in land holding and the tools and technique of cultivation which the powers that be were not prepared for. The need for suitable fertilisers to increase the yield from land, in adequate quantities had been perceived since very early times and was felt more and more clearly as the War advanced. But the first attempt at providing within our own frontiers artificial fertilisers on reasonable terms to enrich the land and increase the yield of crops per unit of cultivation, was begun only after the War came to an end. A large-scale national plant has been established for the purpose; but the demand for this manure is much greater than the projected supply. The Sindri Fertiliser Plant in Bihar has not begun to operate at full blast even now; but it may be mentioned as amongst the most important developments affecting the Land Policy of the Indian Government.

The artificial fertilizers if and when available by the country's own production would, it is expected, be treated as a Public Utility concern, that is to say, the price of these commodities would be regulated more with a view to secure the largest possible consumption at the lowest possible price. No profit to Government would, therefore, be expected. There are similar plants also in operation in Mysore and Travancore on a small scale. The country's need is estimated at something like a million tons per annum, which will not be met more than 37½% from all these plants put together and working to capacity as at present planned. If this need is properly met, the yield from the land actually tilled is expected to be doubled.

Ending Permanent Settlement

Another radical change or development in regard to Land Policy is that connected with the programme undertaken by most of the Provincial Governments to dis-establish the Permanent Land Revenue Settlement wherever it obtains. It is not clear if the land released from the parasitic Zamindar would be taken over by Government, and worked as a public enterprise. The problem of compensation to the land-owner is another headache which is meeting with different solution in different provinces. The point worth noting here is that the principle of compensation is accepted almost unanimously; the difference is only in regard to details of calculation and award. The New Constitution of the Indian Republic also accepts and

reinforces the principle of compensation to the Zamindar without any one realising, or pointing out that the Zamindar had for a century and a half been fastened upon the cultivator as a leech; that during that period he had exploited and rack-rented the tenant or labourer without limit, and had even held the community at large to ransom at times; that during that period he was a tool and agent of the foreign exploiter, to whom nothing can be due in all conscience by way of compensation for abolishing his monopoly of unearned income increasing year by year only by social endeavour, and not through any labour, thrift, or investment of his own. In ethics and in economics, the only thing really due to the Zamindar is a strict account-taking. And if as a result, a heavy balance of misdeeds and blood-sucking can be established against him, the country would be generous in letting him off, not without plenty of strains on his record.

The agitation against the Permanent Settlement, or Proprietary Land-owner paying only a fixed cash rent or revenue to Government, is a fairly old one. But its coming to fruition with the advent of popular Government to power may be said to have begun when the Government of Bengal where this Settlement prevails at its highest, appointed a Special Commission to investigate into the problem. The Commission recommended its abolition and suggested ways and means of giving effect to the new policy. The policy thus indicated has been adopted in all other Provinces, where such Settlements existed, i.e. Bihar, Orissa and parts of Madras. Difference of opinion does arise in regard to the need or justice of granting dispensation, and the scale or nature of such compensation or its calculation. But these are matters of detail, not affecting the principle that: a Sovereign State can and at any time may abrogate such arrangements in virtue of the same authority which made them. In the case of the Government of India the Authority which had decreed the Permanent Settlement in the first instance was relatively a subordinate body, as compared to the Government of India today which represents a Sovereign people.

Given the burden of compensation that will rest upon the Government redeeming their cultivated land from the incubus of the parasitic landlord, it may be questioned whether the full benefit of ending the Zamindar would come to the community,—and much more so to the individual cultivator. *Prima facie*, the State will not be able to take up all the difference between the rent or revenue or other similar charges paid by the actual cultivator to a variety of right-holders clear up to the Zamindar, and the amount the latter used to pass on to

Government. The reason is quite simple, the rack-renting which was characteristic of the private owner of land will not be tolerated when the land becomes public property and its cultivation a collective enterprise. If any dues are charged, they would have to be in the nature of direct taxation. The rent or revenue will have to be very substantially reduced. And if land revenue is brought into line with taxes on income, it is not unlikely that the actual yield from this source may not leave much surplus for the State, after allowing for subsistence minimum exempted from taxation, and paying the interest due on the compensation to the dispossessed landowner. Even on the land which is not treated as the minimum necessary for subsistence, expenses of cultivation and some sort of provision by way of depreciation or emergency reserve would have to be deducted before income from such land can be regarded as suitable for taxation. Accordingly it is difficult to say whether any monetary surplus would remain to the State by this radical development as a net revenue. But that should not be a consideration to hold up the abolition of a parasitical class, unwanted, obsolete and inefficient.

The reallocation of land redeemed from Zamindar clutches, and its cultivation according to scientific National Plan remains also to be considered. If the land thus freed is to be left a prey to the already uneconomic cultivation of small holders, very little net benefit can be expected to the aggregate national economy. If, on the other hand, collective ownership or at least co-operative working is established on such land the net benefit may be much more substantial, as it would facilitate rapid remedying of all other handicaps noticed in the Introduction.

Multipurpose River-Training

Several great projects of multi-purpose river-training, illustrated by the Damodar Valley Development Scheme, the Kosi or Hirakud Dams, and other similar attempts, are aimed at utilising this great form of initial endowment or natural wealth of this country. As this will be a practical and effective insurance against failure of rains, it may well be expected to increase the real national wealth of India very substantially. Fuller description of some of these is given in other Volumes in the Series dealing with Power and Fuel, or Irrigation and River Training. Some of these schemes would also to the actual surface be available for cultivation, which would still further add to our aggregate national wealth from this source; and that in not more than ten years.

Further, if these lands so reclaimed, watered and resettled are utilised for model farming, are cultivated with the best equipment, and the most approved modern technique, this expectation of steadily adding to the national food supplies may well be realised. And the same may be said with regard to those other lands, now treated as culturable waste or fallow land, and aggregating some 140 million acres, that can be brought under cultivation and may within five years add materially to the agricultural production of the country.

New Taxes on Land

The introduction of such new forms of taxation as the tobacco duty, sugar excise, tea cess, cotton excise, and the like; or export duty on raw materials, constitute another noteworthy development which is not wholly commendable. These burdens were primarily adopted by war time needs of the Government of India; but they have now become integral features of India's public policy affecting land. It is to be hoped that the proposals now before the country for levying Estate Duties or Death Duties on the property of the industrial and commercial classes will also be extended, in course of time, to agricultural proprietors, who today escape all such taxation.

Rural and Cottage Industries

The systematic development of small scale cottage industries, as integral part of a National Plan is another item in the Land Policy of the Government of India which has not received all the attention that is its due. These local small-scale self-worked industries are engaged in the production of the necessities and amenities of life for the rural population, all working up the agricultural produce into more finished commodities with their ancient tools and personal toil. They are expected to advance still further by those multi-purpose river-training schemes where electrical energy is proposed to be produced and supplied at economic rates to the agricultural population around. Such cheap power will benefit not only agricultural operations themselves; the associated or subsidiary industries, on cottage or factory scale, including dairy and dairy products, will likewise be encouraged. The standard of living for the agriculturist will thereby improve materially, if only all these items and facets of a comprehensive Plan are put into effect simultaneously.

This improvement, moreover, is calculated further to be intensified by all those items in the multi-purpose programme of River-training, which relate to the resettlement of popu-

lation on the reclaimed lands, and safeguard their health and working efficiency against the ravages of epidemics common in such regions. Their systematic education, civic amenities, and domestic conveniences, like lighting, heat and power, not to mention all the ingredients of cultural life, will similarly be advanced as and when such projects take effect, and so add yet more to the sum total of our country's wealth.

Land Morcellement

The introduction has dealt at some length with the problem of Land Morecellement. Legislative measures have been taken in the past, and are likely to be more increasingly adopted hereafter, to guard against this evil spreading further; and also more positive effort at consolidating the scattered fragments. This is accomplished largely by extending the principle of co-operative organisation of farming and other operations connected with it. The device of collective farming is still confined only to Demonstration Farms maintained in conjunction with Agricultural Colleges, or, other similar purposes, by the State. Its extension to culturable waste land or to land reclaimed by means of vast programmes of irrigation, etc. has yet to come. But the tendency so far visible makes it not unlikely that the force of popular awakening may manifest itself in this direction in an increasing degree.

Agricultural Education and Research

The developments connected with the work of the Imperial Council of Agricultural Research are too numerous to be recorded in this Summary. They relate, generally speaking, to matters of technique, to the production of suitable seed guaranteeing increasing yield, to nutrition and allied problems. The new Government has already signified its desire to add to the resources of this Council, so that, with its help, wider and closer study of the peculiar problems affecting agriculture in India may be tackled, and tackled successfully.

The same may also be said of the increase in the number of agricultural colleges which has been a feature of the last two or three years in India. A fairly elaborate programme of introducing agricultural bias in the Basic and, still more, in the secondary educational system of the country, is being adopted in the various Provinces aided by the Centre. The newly created Council of All-India Technical Education is doing what it can within its limits to promote a better, more up-to-date scientific knowledge of the technique of agriculture

and its associated or subsidiary industries than was the case hitherto. This also to be integrated and worked as part of the Plan.

Provincial Plans of Development

Various Provincial Governments have prepared Plans of agricultural expansion, which are being put into execution, primarily with a view to settle ex-servicemen, but incidentally also to add substantially to the food supply of the country. Not all these plans, and certainly not all in their fullness are being executed. But in proportion as the new Government is able to devise ways and means and find, financial resources, such plans will be put into effect more progressively. The criticism already advanced in such matters, namely that each of these plans is not correlated *inter se*, and that the several items forming the agricultural plan for any given region, Province or State,—and a fortiori for the whole country—is lacking in co-ordination, integration and national outlook, is not out of place or bearing, even after the advent of the Popular Government to power. Until these various items and aspects of the several plans are mutually correlated and integrated, the plans cannot yield all the results they may theoretically be expected to produce.

Landless Labour on the Soil

The developments on two other problems in this connection may also be noticed before closing the Summary. There is as yet no definite policy manifest either in Legislation or Administration regarding the Landless Labourer engaged in the country's most productive industry. This labour is scattered, unorganised, ill-paid, ignorant, and very scantily nourished, clothed or housed. There is no organisation amongst them to fight for and safeguard their interests, secure decent conditions of work and living, including housing, hours of work, rates of wages, and a measure of social security which the industrial worker is now steadily attaining. The seasonal character of the occupation militates against any immediate improvement unless and until an all-round national policy concerning landholding and cultivation is adopted and carried into effect.

Agricultural Insurance

The same may also be said with regard to the need for Insurance of crops, cattle, and against other risks to which agricultural life is exposed. Mention has been made in the

Introduction of the old Famine Insurance Fund, which has long since ceased to provide real Insurance against periodical failure of rains, and the consequent shortage of food supplies in the country, if it ever had such a purpose really in view. A completely new and comprehensive system of nation-wide agricultural insurance for all contingencies of agrarian life is a national need. Those interested say it is impossible for the moment to satisfy for lack of the necessary data. But here again is a challenge to those who really desire, not only preparations of paper plans, but practical, workable programmes of all-round development, in which Agriculture and Industry connected with it as well as the human element concerned will be fully attended to.

The technique of effective Insurance of crops and cattle against epidemics and famine, and other hazards of agricultural life may have to adopt a basis and *modus operandi* different fundamentally from that applied to large-scale industry, commerce and incidental services. It may even be that the principle of contributory insurance may have to be dropped, or at least given a secondary importance in devising and working a National System of Agricultural Insurance. Provision in kind against a possible contingency, e.g. by establishing adequate reserves of food supplies, maintained in public granaries located in important Centres throughout the country may have to be tried. In any case, without a systematic and national provision of this kind against the ills, risks or dangers of agricultural life, India's National Economy cannot be said to be scientifically planned and systematically carried out. A fuller note on this subject is added as an appendix to the Volume in this Series dealing with Insurance.

K. T. SHAH.

